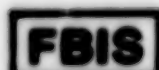


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21 October 1980

Near East/North Africa Report

No. 2205



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21 October 1980

NEAR EAST/NORTH AFRICA REPORT

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JERUSALEM PROBLEM HEIGHTENS WAR ANXIETY

Paris AL-NAHAR AL-'ARABI WA AL-DUWALI in Arabic 25-31 Aug 80 pp 20-21

/Article by Maha Sumarah: "The Arabs and Israel: Will the Fifth War Break Out?"/

/Text/ Observers are afraid of the repercussions of the Knesset decree unifying the city of Jerusalem and the political and military complications which might arise in the region and lead to a further blowup which could ultimately lead to the outbreak of a fifth Arab-Israeli war.

In the opinion of these observers, the first blowup has actually occurred, striking at the Egyptian-Israeli peace based on the Camp David treaties. The latest Israeli decree related to Jerusalem, in the view of Arab and foreign strategists--including the American magazine NEWSWEEK--has dealt a "finishing blow" to the Camp David agreements, on grounds that Camp David has reached a dead end now that its main goal, a separate peace between Egypt and Israel, has been achieved, and it is no longer a framework for peace, as it was considered yesterday, but has now become more like a framework for war, after the political and diplomatic efforts concentrated on Camp David reached the stage of political paralysis.

This paralysis is paving the way to military surprises--narrowly explosive ones or ones based on limited war. Explosion or possibility of war might seem unlikely or not imminent, but the more political and diplomatic efforts in the Middle East are installed and come up against a blank wall, as was the case in two important periods of the history of the Arab-Israeli struggle, in 1967 and 1973, the only thing to follow the paralysis will be war. Therefore some circles feel that the winds of despair and anxiety are blowing, giving proof of the impossibility of attaining a just comprehensive peace before a fifth war occurs.

Three Areas for a Blowup

The machinery of war is advancing three areas for lethal conflagration in the region. These are:

The West Bank, and the possibility that the Palestinian guerrillas will transform the current upheaval into a comprehensive revolution; this has caused Israeli authorities to embark on a policy of evacuating the territory of its inhabitants by expelling the Palestinian leaders and chiefs and creating excuses and pretexts for getting rid of the generation of young Palestinians who have started to resist the occupation by fire, blood and all types of civil disobedience.

Lebanon and the possibility of a blowup in the situation in a manner resembling that which prevailed during the 2 years' war (1975-76). It is not to be ruled out, in case of an explosion, that Israel will conduct operations against the Palestinian presence in the south, in the effort to eliminate the political and diplomatic role of the Palestine Liberation Organization, which enjoys support and understanding on the international stage, distressing Israel and adding to its isolation. It is believed that if war breaks out in the south, it will not be confined to the Palestinians alone, but that Israel will try to draw Syria into a confrontation inside and outside the Lebanese borders, with the aim of directing a strike at the Syrian war machine, which constitutes the backbone of the Eastern front--that is, the front rejecting Camp David.

The Arab Gulf, since it is not to be ruled out that various explosions could break out in the countries of the Arab Gulf and that the population, ethnic and religious mixture there could be exploited along with a crisis of the transfer of rule in those countries from the tribal and clan family stage to the stage of democratic and trade union organizations and institutions, conflicting with international and regional schemes which are attempting to impose influence and extend dominance over the oilfields and oil routes--which are considered the vital arteries of the industrial world and the biggest economic force man has known. Therefore some people are afraid of an international struggle over the Gulf and are sorry over the fact that the region's territory will be considered far more important than the people in it. It is suggested that the secure countries of the Gulf will experience disturbances, crises, and dissension of various forms, sources and goals, similar to those taking place in Lebanon.

Therefore Arab and European strategists are striving to set out an alternate strategy to Camp David which will prevent paralysis and the danger of a blowup, fill the vacuum and preserve efforts to search for peace.

Thorn and post Camp David

It is believed that the visit by Gaston Thorn, the current president of the European Common Market states group, to the area was a preparation and prelude to an action plan and would follow the Camp David treaties by personally listening to Palestinian, Syrian and Lebanese viewpoints rejecting Camp David. Europe's interest in the post Camp David stage is interpreted, in the wake of the issuance of the Jerusalem decree, as serious Western European interest in thwarting explosive intentions in the area and a

full-fledged effort to prevent the outbreak of Arab-Israeli war, because Western Europe is afraid that the flow of Arab oil it depends on will be cut off and that the flow of its industrial and commercial products to the Arab consumer, who started to be considered the prime importer in its balance of trade after the oil price hike, will be stopped.

On account of its interests, the group of European countries has preserved a balance between the Venice summit resolution, which called for self-determination for the Palestinian people and the need to include the Liberation Organization as one of the Palestinian parties in the search for a solution, and abstention from voting on the latest General Assembly resolution which ignored Israel's right to exist and demanded Israel's withdrawal from the West Bank and the Gaza Strip. Therefore some people explain that the approval by the European country group of a hammer-and anvil policy is a wise one which dictates its respect and makes it acceptable to both parties of the struggle. One should bear in mind that Israel has not welcomed the European role or the European efforts, charging that its position is the result of an oil, financial and industrial swindle now that the Arab oil countries have become the major importer of European military and consumer industries.

The Absent Soviet Role

In spite of the Israeli position on European efforts, some people in the American delegation to the United Nations have welcomed the European policy in disguised form, considering that it is the soundest way to save Camp David. These people have ascertained that Europe is moving to protect the American eagle and does not intend to compete for its major, decisive role in attaining a settlement, but rather supports this role from broader premises. Therefore the notion has gained prominence among some American circles concerned with creating a solution to the Arab-Israeli struggle that the European role should be considered beneficial as long as the political isolation Israel is experiencing today from those who were and still are its most ardent enthusiasts, such as the Western Europeans, who enjoy traditional political, cultural and economic stock among the Arab countries, is apparent.

In spite of Europe's real demand that the United States participate actively in the settlement plans from the beginning, it remains more certain and secure that the Soviet Union must participate in any settlement to the Middle East issue to some extent, perhaps after the American stage, because any settlement of the issue of the Arab-Israeli struggle which rules the Soviet Union will be deficient, as was the case with Camp David. If it is not in the power of the Soviet Union to play a major role in bringing about Arab-Israeli peace, as the United States is doing, it is within the power of the Soviets to sabotage and destroy the peace directly or through an intermediary if they do not participate in creating it or guaranteeing it, especially since some Arab countries are coordinating with them politically and are wholly relying on them militarily.

When we talk about the anticipated blowup which might occur as a result of the Knesset decree related to Jerusalem, the great question concerns the meaning of this blowup and the body or bodies which will take responsibility for it. The theoretical possibility remains relevant, if the collective Arab response to the decree is military. If the answer is positive, it is possible that a fifth Arab-Israeli war will take place, but it is to be ruled out that the Arabs will take the first step as long as the military balance of power is not in favor of the Arabs, especially the Arabs rejecting Camp David, headed by Syria, the Palestine Liberation Organization and the perseverance and steadfastness front.

Following Egypt's military and political departure from Arab solidarity, the rejectionist Arabs lost sufficient power to launch a preventive war similar to that which took place in the afternoon of 6 October 1973. Whoever does not enjoy military and political power will not enjoy the freedom of movement to make war, to say nothing of independence of decision. But if the answer to the Jerusalem decree is as appeared in the words of Enam Ayatollah Khomeyni, who asked the Moslem millions to parade to Jerusalem to regain it, war is not impossible in the future--although one should realize that the call is not practicable since battles are not won just by emotions.

The Arab Response

So far no Arab signed has been emitted on the possibility that the military option might be relevant in responding to the Jerusalem decree. Any Arab summit or even Islamic conference can arrive at the promulgation of a specific conception in this regard.

The first Arab response to issue forth on the decree incorporating Jerusalem came from the al-Ta'if meeting which concerned Iraq's President Saddam Husayn and King Khalid. The two oil chiefs demanded that the Arab countries sever diplomatic and economic relations with all countries shifting their embassies to Jerusalem. Eight Arab countries supported this resolution--the United Arab Emirates, Qatar, Bahrain, Algeria, Oman, Kuwait, Syria and Jordan.

Syria criticized the notion of an economic and political boycott, considering it inadequate for confronting a policy which has imposed an Israeli fait accompli, as the newspaper AL-BA'TH, the spokesman for the ruling party, stated when it wrote that the Arab countries' response to the aggressive Israeli act of incorporating Jerusalem "cannot be restricted to the framework of acting within the international organization or to statements of condemnation and threats to boycott countries which recognize the Israeli resolution, but requires the use by the Arabs and friendly countries of all the resources available to them against Israel and the United States of America equally. Short of this, the United States will remain in an inactive state and the Israeli aggression against the Arabs will go unpunished."

However, the Arabs rejecting Camp David lack much of the political, military and security coordination needed to apply the minimum Arab solidarity which was agreed upon at the 1978 Baghdad summit, know that the wars between regimes and struggles between intelligence agencies inside and outside the Arab nation have got out of control.

Today Arab solidarity appears to be in need of a review, an evaluation, and the reattachment of limbs, now that more than one axis has gained prominence and relations between more than one Arab front and regime have deteriorated. Therefore the Arabs need to set forth a common strategy, if only at a minimum, now more than at any time in the past, before time passes and all rights are lost. Therefore it is believed that tentative Arab contentment with hinting at cutting off political and economic relations with countries recognizing the Jerusalem decree is not in keeping with the gravity of the situation. Regarding the Arabs' bitter previous experience with the 30-year principle of economic and commercial boycott of Israel, and the experiences of others in the policy of boycotting Rhodesia, South Africa and Turkey, the result in our case, and that of others besides us, has been that boycotts do not work, since there always are third countries which can take the place of the countries calling for the boycott and provide everything the countries concerned demand. When Lebanon applied the boycott to Israel and prohibited vessels from unloading in the port of Beirut if they were on the blacklist, the port of Alexandria received them.

During the oil embargo which the Arab countries imposed in the wake of the 1973 war, some Arab countries did not restrict themselves to the decision and opened the oil spigots, bringing their treasuries fantastic profits. If the Arabs really had adhered to the Arab boycott for a longer period, as Syria had asked them to do, the Syrian negotiators would have been able to obtain greater political and territorial gains during the separation of Syrian and Israeli forces which took place under the supervision of former American secretary of state Henry Kissinger. It is well known that Syria held out alone in 1973 when the war of attrition lasted more than 100 days, trying to realize better terms, while the oil Arabs hastened to lift their embargo and Egypt hastened to sign the Egyptian-Israeli separation of forces at Kilometer 101, leaving Syria isolated.

It is certain that anticipated Arab reactions to the Jerusalem decree, especially large-scale military ones, explosions, or economic and oil embargoes, are governed by international conditions and the political interactions of the two great powers, the United States of America and the Soviet Union. For both Washington and Moscow to follow up on the Jerusalem issue and its ramifications with concern--that is, before the Arabs or the Israelis are able to adopt a specific military or economic step--the Arabs must take the international positions which are turning toward non-violence and preservation of the status quo into consideration.

Some international political circles are bewildered by the Israeli position, while some rule out the possibility that Israel will accompany its

decree incorporating Jerusalem with a military step, large or small, as long as it is in its power to incorporate and hold onto the lands which it occupied by easy means lowest in human cost, such as the promulgation of a basic law such as the Jerusalem Law, which imparts a specific current status to the policy of the fait accompli which has been drawn up for 13 years. Some sources do not rule out the possibility that elements loyal to the extremists or "hawks" in the Knesset will venture to issue other unjust laws which will impart legal Israeli dominance to the other occupied territories, such as the West Bank and Golan, considering them part of the territory of Israel. Meanwhile, a third group leans toward Israel's permanent use of the logic of force with the Arabs by creating fear over the need to preserve Israel's security as long as it enjoys freedom of movement and self-determination unfettered by major pressures before the American elections and is not informed about or concerned with the political and international isolation around it.

The first, most important conclusion of the Jerusalem decree lies in the weakening of Camp David. Since the passage of the specified date for the conclusion of the autonomy talks, last May, President al-Sadat has been trying to emerge from his isolation and play various roles. In spite of his tremendous ability and personal proficiency at the art of political acting and conspiracy, he has tried playing both ends, sometimes that of Camp David, sometimes that of the Islamic conference resolution calling for Israel's withdrawal from the West Bank; the United Nations General Assembly voted against Israel and the resolution got 122 votes. Al-Sadat tried to unravel the isolation imposed on his policy by the latest General Assembly resolution, but this "twisted and corrupt" policy, as a historian specializing in the modern Middle East has described it, was not destined for success, especially since the Camp David treaties consecrated the separate Egyptian-Israeli peace, and the Palestinians and rejectionist Arabs have no access to it.

The treaties just serve Egyptian national interests, and al-Sadat's hands ought to be removed from other things. In addition, the other Arabs rejecting the treaty, such as Syria and the Palestine Liberation Organization, for instance, do not want al-Sadat speaking in their name and they are indeed not in need of his services, first because their road toward peace is different, especially since the treaties stipulate that the destiny of Jerusalem should be discussed in 5 years. If al-Sadat repeats his criticism of the Jerusalem resolution, Israel may perhaps brandish its unwillingness to relinquish the third of Sinai which is still under its jurisdiction and fail to return it to the Egyptian authorities in 1982, as the treaty stipulates. It is not to be ruled out that Israel might change its opinion, since some settler-officials have gravitated toward the possibility of staying there for a longer period.

The American Error

In talking about the ramifications of the Jerusalem decree and the possibility of a rupture of the Camp David treaties and a farewell to the

Arab-Israeli peace, one must pause before the position of the United States, godfather of the peace and the treaty.

Current American policy, toward the end of the era of President Carter's administration, stresses that the United States stands to gain time in order to end the presidential elections, and the Carter administration hopes and is striving with all the pressure and influence it has inside the Israeli and Arab camps, and among the Zionists in America, to provide efforts to guarantee that these next 4 months will end and pass without turmoil or problems. Therefore it is to be believed that the possibility of a rupture now would harm America and that America wants only a freeze on the situation. President Carter is anxious to be re-elected and wants to return to the White House. The only success his administration has achieved in international affairs is founded on an Arab-Israeli peace where it managed to get the biggest and strongest Arab country together with Israel at the negotiating table.

Naturally there are many weak points in the American position. It was not in the Americans' calculations, when they discussed the bases of Camp David in September 1978, or at the signing of the treaties in March 1979, that the autonomy negotiations would be prolonged and would stumble. Indeed, President Carter's administration was betting that the terms and process of peace would be completed before that time, in order to give prominence to Carter's historic role in establishing peace in the Middle East.

The latest error to slip the mind of the American negotiators and full participants, showing their ignorance of the Arab mentality, is the Americans' belief that they will not succeed in having Egypt sign a peace with Israel alone, but that the other Arabs, like Jordan, the Kingdom of Saudi Arabia and others will be compelled to join al-Sadat and sign Camp David. The major error is that the Americans have not understood the Arabs' feelings toward the city of Jerusalem specifically and what Jerusalem means to the Moslems, who cannot conclude a peace with Israel now that Israel has occupied east Jerusalem, distorted its Arab and Islamic character, expelled the Palestinians from their homes and sections, and deprived Moslem pilgrims from completing their pilgrimage by ascending to the holy shrine.

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PHALANGISTS DENOUNCED, OPEN JORDAN-WEST BANK BRIDGES SUPPORTED

Kuwait AL-RA'Y AL-'AMM in Arabic 18 Aug. 80 p 18

[Report on interview with Talal Naji, member of Executive Committee of PLO, in Amman; date not given]

[Text] PLO Executive Committee Member Talal Naji told AL-RA'Y AL-'AMM that the resistance has received reports that Phalangist Party Military Commander Bashir al-Jumayyil met with Gen Eytan, chief of staff of the Zionist enemy forces, at Juniyah, prior to the wiping out of positions belonging to Camille Sham'un's party, and that he received the green light from the Israeli chief of staff for this operation. But this does not mean that Sham'un is clean or has no relations with Israel. All it means is that Israel is changing an old horse for a young one, so as to ensure the continuation of its plots. The same thing happened with the Shah of Iran, whom the United States figured on replacing after achieving its purposes through him.

Naji said that what happened between the Phalangists and the Liberals was but one link in a plot aimed at Lebanon, the Palestinian revolution, Syria, and even at the Arab nation's steadfastness.

Naji said: "Bashir al-Jumayyil has the most fascist force within the Lebanese right wing movement, and is planning on his party's gaining military control over eastern Beirut, Kharwan and Jubayl. Sham'un's party would remain as a political entity, while the military tool would be in the hands of the Phalangist Party. This would make it easy for Israel to carry out its plots in Lebanon. We believe that al-Jumayyil's step proves that the war in Lebanon has not been a sectarian war as they made it out to be, when they said that the Syrians, Palestinians and nationalist Lebanese want to kill the Maronite Christians. What Sham'un's daughter said, after having been exposed to a kidnapping and assassination attempt by Bashir al-Jumayyil's followers, may be the truest expression of the plots going on in Lebanon. She said, 'We have been saying that the Palestinians and Syrians want to kill us Maronites. What will we tell the Europeans now?'

"Bashir al-Jumayyil wants to kill the Maronites. He can no longer claim that he is fighting in defense of the Lebanese Maronites. Political Maronism in Lebanon has historically had four symbols. Camille Sham'un is considered the first symbol and leader; he is now the enemy of the Phalangists--in fact, their target. Then there is Sulayman Franjilab, the original mountain Maronite, who is now the obstinate enemy of the Phalangists, who killed his son and some members of his family. There is Raymond Idih, who is living in Paris, a fugitive from Phalangist violence after the murder of his sister at Phalangist hands. They have also tried to assassinate him more than once. The question is: can the Phalangists now claim that they represent the Lebanese Maronites?"

Fleeing Phalangist Violence

Talal Naji said, "Thousands of Christians have come to western Beirut fleeing Phalangist violence and seeking security. They have found everyone ready to receive and reassure them.

"What Bashir al-Jumayyil did is one link in a plot. As for the other link, we have information confirming that Israel is ready to attack Palestinian revolutionary positions in order to strike, destroy and eliminate them. This is to be accompanied by a Phalangist attack from eastern Beirut towards the western part of the city for the same purpose and at the same time. Without a doubt, Syria is the main target, for Israel and the Phalangists are planning a smashing blow against its forces in Lebanon, accompanied by increased disturbances within Syria."

The General Assembly Resolution

Speaking of the 29 July 1980 General Assembly resolution about the Palestinian cause, from which France, Austria and some other nations abstained, and which American and Israel opposed, the Palestinian official said, "The General Assembly resolution was a reaffirmation by the foremost international organization of the Palestinian people's proven national rights to a land and a homeland, and their right to return, determine their own destiny, and establish an independent Palestinian national state on their own soil. The fact that 112 nations voted for this resolution indicates the growing recognition of these proven rights and the realization, by the great majority of the countries of the world, that the basis of peace in the Middle East is for the Palestinian people to attain their proven national rights. The fact that only seven nations, led by America, oppose this resolution, clearly indicates the extent of international isolation surrounding Israel and the United States. It also plainly indicates that the perpetual attempts by the United States to pressure the small and developing nations, especially those which share interests with the United States, and force them into adopting a stand contrary to their convictions, have been of no use. The Palestinian cause has come to have a place in the mind of international public opinion and all the nations of the world."

Europe Submit to Intimidation

With reference to some states' abstention from voting, Naji said, "This abstention means that these states, even though they are convinced of the proven national rights of the Palestinian people, are still subject to American and Israeli intimidation, and are still taking a stand contrary to their peoples' conscience and convictions by adopting a negative stand. Those officials cannot defy their people by rejecting the resolution; therefore, they avoid the issue by abstaining from the voting. One difference is that some states, such as France and Austria, claim that they have always understood the rights of the Palestinian people to self-determination and national sovereignty, and their demand that Israel withdraw from the occupied territories. So why did they abstain from voting? The answer to this is that French and European decision-making is still fettered and restricted, and is not independent. France still needs a new De Gaulle, and Europe still needs more than a De Gaulle--someone who would sense its dignity and independence and its right to express its mind apart from American domination. While waiting for this to come about, we are satisfied that 112 nations expressed, through direct, open voting, their conviction in the national rights of the Palestinian people and the aggressiveness of Zionism and Israel."

Support for Steadfastness

Reviewing his evaluation of the Joint Palestinian-Jordanian Commission's activities in supporting the steadfastness of the Palestinian people in the occupied homeland, Naji who is a member of the commission, said, "There is no doubt that the joint commission's accomplishments in supporting steadfastness are positive ones, since they have enabled our people in the occupied territories to face the harsh living and economic conditions which the occupation authorities are imposing on them in order to get them to emigrate from the occupied territories. It is no secret that through the joint commission we are trying to provide our people in the occupied land with the means to stand firm, cling to their homeland, and increase their endurance, in order to thwart the Zionist enemy's schemes to empty the land of its people and its resources forever.

"We have drawn up plans to support steadfastness in such a manner as to influence all aspects of our people's life within Palestine. By supporting perseverance, we don't mean unplanned expenditures of money on individuals or organizations. We have drawn up a budget based on scientific principles for achieving the desired goal of supporting steadfastness. I can say that I am very happy and pleased in general with the results we have achieved so far. There is no action without mistakes. Mistakes come from action. The important thing is to recognize actual mistakes and work to correct them. This is what we are continually trying to do.

"We are receptive to any complaint or criticism about the manner or manners of supporting steadfastness. We are ready to discuss criticisms or mistakes and work to remedy any error."

Insignificant Commitments

[Question] But are you satisfied with the steadfastness funds allocated by the Baghdad summit?

[Answer] I reveal no secret when I say that \$100 million were allocated to support steadfastness in the occupied territories at the ninth Arab summit held in Baghdad, a sum which the joint commission can spend to support steadfastness in the occupied homeland. These commitments have not been fully paid by the Arab nations. The commission has received about three-quarters of this amount, even though it is basically a very modest, paltry sum which we are going too far in calling a "fund to support steadfastness." At this same time, the Zionist enemy is spending billions of dollars to establish settlements on the West Bank and in the Gaza Strip in order to gain control of the land. It has established more than 100 settlements on the West Bank and in Gaza, even though there are only 15,000 settlers living in these settlements. How can we call such a tiny, modest sum a "fund to support perseverance in the occupied homeland?"

The Palestinian official asked, "Is this sum indicative of the real resources available to the Arabs to thwart the autonomy plots and Camp David, and to enable our people to achieve this goal and stand up to Israeli terrorism and repression?"

Give a Billion Dollars

The Palestinian official added, "We are convinced that \$1 billion dollars must be provided to support our people's steadfastness in the occupied homeland. This is what we will demand from the coming Arab summit in Amman, according to the figures and the principles on which the support issue is based."

Yes To Open Bridges

Speaking about the issue of open bridges between both banks of the Jordan River, Talal Saji said, "The official Palestinian stand on open bridges was stated by the head of the Palestinian delegation during the Amman meetings of Arab foreign and economy ministers. It is a continuation of the open bridges policy, because of the negative effects which accompany the closing of the bridges with respect to our people's vital issues in the occupied territories. Consequently, closing the bridges negatively affects their steadfastness in the face of the Zionist enemy's plots."

Two Sides To The Bridge

He went on to say, "Naturally, open bridges have their negative and positive aspects. We believe that it is proper to be cautious about the negative aspects, and to draw up more controls to prevent the infiltration of Israeli goods. We should also prevent the Zionist enemy from benefitting

from the bridges, or at least try to reduce the Zionist enemy's benefits from the open bridges. Likewise, our people in the occupied land should be instructed to be cautious, and to use the bridges in a manner conducive to the development of the positive aspects and to the reduction of the harms which might result from them. If the bridges are closed, this action might have its positive aspects. But it might also harm our people in the occupied land, and weaken their ability to stand fast, although not their desire to do so. If Gaza oranges, West Bank olives, and all the agricultural produce from the bank and Gaza are not sold throughout the Arab countries, this will destroy the national economy of our people in the occupied lands, and delight the Zionist enemy. Supporting our people's national economy will have a significant effect in attaching the Arab Palestinian citizens to their land. Consequently, it will enable them to continue living on this land. There is also the importance of contact between the people of the occupied land and those outside it. The closing of the bridges would mean severing links between the members of a single family. It might be said that this is one of the most natural results of foreign occupation of any nation. This is true, but when international pressure succeeds in enabling our people to communicate, why don't we benefit from it? Of course, we should stress that contacts between families do not necessarily mean recognition of the occupation's legitimacy? In fact, this is an incentive to continue the struggle against this occupation, and even escalate it."

The Positive Results

He added, "Naturally, we are not blind to the benefits which the Zionist enemy is reaping from the open bridges policy. But the question is a relative one, measured by the positive and negative results. So far, our view has been that the positive results outweigh the negative ones. This does not mean that we are ignoring the negative aspects. On the contrary, we are exerting greater pressure to reduce them as much as possible.

The National Interest

Talal Naji added, "The question has become one of national interest. That is, when we become convinced that the open bridges policy will achieve benefits for our enemy which would adversely affect the national cause, at that time there will have to be a sacrifice by everyone. At that time, the closed bridges slogan will become the national slogan which we will have to work to achieve."

There Must Be Islamic Pressure Against America

The Palestinian official spoke of the "pressure-exerter" role which the Islamic countries must play. He said, "The Zionist enemy basically gets his strength from the United States, which gives him all kinds of support, from bread to 15,000 or more technologically advanced weapons. Here we must ask an urgent question. If the Islamic states are convinced of the

need to adopt measures against the Zionist enemy, in view of the crimes he is perpetrating in the occupied land and against the holy places, do they not necessarily have to exert pressures against the United States, which supplies the Zionist enemy with various means of support and resources to sustain his occupation and aggression? Accordingly, is it not strange that these Islamic states are bound to the United States by firm, developed relations, at a time when the vicious offensive against our people in the occupied land is escalating, and Israel is deciding to make Jerusalem its permanent capital, in spite of the fact that al-Aqsa Mosque, one of the holiest Islamic shrines, is within it? There are also Christian holy places, including the Church of the Resurrection, and other archeological treasures in Jerusalem.

"Isn't this a crucial flaw? How can we be convinced of the seriousness of the Islamic summit resolutions when we see a contradictory situation like this? The western economy in general rests on Arab and Islamic capital, and Arab-Islamic oil is given to the United States and the Western world without restrictions or conditions!"

[The following insert appears at end of this item]

AL-RA'Y AL-'AMM Is Still the Pulpit For Honest Speech

Lalal Naji said that AL-RA'Y AL-'AMM has had a long history of free expression of opinions and ideas. Therefore, it has a patriotic attitude regarding the conspiracies to which the Arab nation is continually exposed. This is especially so as AL-RA'Y AL-'AMM has expressed public opinion in no uncertain terms, and has even helped mobilize Kuwaiti and Arab public opinion against the Camp David conspiracy and the autonomy plot. It has called for Arab steadfastness in confronting these plots. If this free pulpit is attacked, the attack is a cowardly act. A person with a cause must counter argument with argument, and refute opinion with opinion. If anyone is convinced of his view, let him present it, even in AL-RA'Y AL-'AMM. He should not go blow it up. This criminal act is, in my estimation, an onslaught against free, honest, respectable journalism which uses the pen to serve the national cause. While nationalist journalism is exposed to attack, yellow journalism enjoys tranquility and a shower of money from all sides. In any case, the attack directed against AL-RA'Y AL-'AMM and all nationalist newspapers is something to take pride in. It is testimony that AL-RA'Y AL-'AMM is following a correct course.

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CSO: 4802

INTER-ARAB AFFAIRS

ARAB LABOR ORGANIZATION OFFICIAL SURVEYS ARAB LABOR PROBLEMS

Amman AL-DUSTUR in Arabic 21 Jul 80 p 5

[Report on interview with al-Hashimi Banani, director general of the Arab Labor Organization, in Amman; date not given]

[Text] Mr al-Hashimi Banani, director general of the Arab Labor Organization, praised the efforts of Jordan during the conference of the International Labor Organization held in Geneva. These efforts led to adoption of a resolution condemning the establishment of Israeli settlements in the occupied Arab territories.

In an interview with AL-DUSTUR, Mr Banani said that he has held discussions with Jordan's minister of labor, Mr Umar al-Nabulsi, and with other officials to pursue implementation of the resolution which condemned the establishment of settlements; to call on governments to withhold any assistance which could help the establishment of settlements in Israel; and to assist Arab workers in dealing with the effects of Israeli settlement policy, deportation and loss of means of livelihood.

Mr Banani said: "The Arab Labor Organization reached an agreement with Jordan and the PLO to open an office in Amman to study the conditions of Arab workers in the occupied territories. The office will submit a report to the organization which will help to detect violations by the occupation authorities, and expose Israeli legislation and actions against the Arab workers and against the Arabs as human beings in the occupied territories. Such a detection would unmask Israel before the world. The cost of running the office will be paid by the Arab Labor Organization."

A Technical Cooperation Agreement

Mr Banani said that his visit to Jordan and his discussion with Jordanian officials were for the purpose of preparing the draft of a technical cooperation agreement between Jordan and the Arab Labor Organization. Experts and specialists of the organization will be studying this draft.

Mr Banani added that the draft agreement is based on three main points:

--The first point deals with health and occupational safety. The Jordanian government is showing interest in the health conditions and safety of workers, and is planning to establish a specialized unit for this purpose. Naturally, Jordan will seek the assistance of the Arab Labor Organization and of experts from other Arab countries to secure the establishment and success of this unit.

--The second point deals with promoting labor education in Jordan.

--The third point deals with organizing training sessions for employees of the various departments of the ministry, particularly with regard to manpower planning, labor statistics, hiring, policies, work inspection and industrial relations.

Labor Support

It is important, according to Mr Banani, to support the [Jordanian] social security agency by means of training sessions for its staff to acquaint them with the experience of other developed countries which could be applied in Jordan.

Concerning support for the General Federation of Labor Unions in Jordan, Mr Banani said that he discussed with officials of the federation the possibility of participation by the Arab Labor Organization in supporting labor education in Jordan. This is one of the programs of the federation which intends to establish a special academy for this purpose. Mr Banani also discussed the need to hold leadership training sessions for educated workers and the possibility of supporting the federation in its effort to establish labor clinics and new headquarters.

Mr Banani pointed out that his discussions in Amman dealt with proposed agreements between specialized Arab organizations and the Arab Labor Organization.

The Jordanian Labor Law

Mr Banani said that during his meeting with the prime minister, Dr Qasim al-Rimawi, he expressed his appreciation of the Jordanian effort in presenting a draft resolution, in the name of the Arab community, to the International Labor Organization. Mr Banani added that he expressed the desire of his organization to see the Jordanian labor law enacted as soon as possible. According to Mr Banani, the prime minister emphasized that his government is anxious to see the ministry of labor do its utmost to serve both fields of social affairs and development; and to secure enactment of a most modern labor law which takes into consideration the points of view of all concerned parties.

An Arab Tour

Mr Banani indicated that he will be leaving Jordan today (21 July) to visit Damascus, Beirut and Morocco to discuss with officials of these countries the subject of cooperation agreements between these countries and the Arab Labor Organization. He added that he will be discussing with PLO officials subjects related to projects which could be executed in favor of Palestinian workers outside the occupied territories, especially in the field of vocational training, and the possibilities of supporting Arab workers in the occupied territories.

He added that the Arab Labor Organization has offered 200,000 to deal with the social effects of Israeli aggression against Lebanon on Palestinian and Lebanese workers.

Mr Banani noted that the subjects of his discussions in Morocco will include the creation of the Arab Employment Agency which is to be headquartered in Morocco. Its purpose will be to collect information on Arab workers, study labor employment markets in the Arab world, and study the labor needs of the various Arab countries.

Mr Banani said that his organization will begin in November a survey of the labor force in the Arab world, beginning with Morocco. The survey will evaluate the Arab labor force now and in the eighties.

Mr Banani disclosed recent discussions he had with government and union officials in France and Belgium on providing opportunities for the children of Arab workers in Europe to learn the Arabic language and be in touch with their Arab culture. He said that the Europeans welcomed this idea on condition that the Arab countries participate in this campaign.

Mr Banani added that he discussed with the French minister of labor all arbitrary laws and measures directed against Arab workers and the concern of the Arab countries over these measures.

Foreign Workers

Mr Banani warned against the continuous influx of foreign workers to the Gulf area. He said that the continuous increase of foreign workers might jeopardize the Arab nature and security of the Gulf.

He called upon the Arab nations to employ a higher percentage of Arab workers in any contract or project undertaken by any foreign company in the Arab world. He wondered how Arab labor conditions can improve when Arab workers are out of work in one Arab country, while foreign workers are taking their place in another.

Mr Banani criticized the propaganda and statements published by hostile newspapers which promote fear of the presence of imported Arab workers in the Arabian Gulf, and thus hurt those workers. He said that such antagonistic statements serve the interests of the greedy and the foreigners in reaping high profits at the expense of the Arabs and the Arab workers. Mr Banani said that the Arab worker is more protective of Arab land and Arab security than the foreign worker whose aim is to exploit and drain Arab wealth.

The Arab Worker

Mr Banani called for the execution of balanced development programs which would take into consideration the social and economic characteristics of the Arab world. He also called for the need to improve work conditions of Arab workers, and heed the law of progress so that the Arab world may not pay the price of taking the wrong path. Development projects are carried out by man for the benefit of man, and the worker is the basic means of accomplishing development and bringing about necessary change, he said.

As for the effects Egyptian-Israeli normalization on the future of the Palestinian labor force in the occupied territories, Mr Banani warned that if the Egyptian-Israeli plan is executed, and Egyptian workers begin replacing Palestinian workers, it will be a catastrophe for the Palestinians as well as for the Arabs in general. Mr Banani added that Israel will intensify its efforts to uproot and deport the Palestinian worker. According to Mr Banani, Israel's measures in this regard will assume horrendous proportions.

Concerning the role of the Arab Labor Organization in protecting the labor union rights and organizations, Mr Banani said, "The constitution of the organization stresses the protection and development of union rights and liberties in the Arab world. In keeping with this goal, the organization is working through the committee of union rights, to deal with general conditions related to union liberties, especially complaints received in this regard. The organization has reviewed some complaints relating to certain Arab countries, and is trying to induce Arab officials to guarantee the freedom of union activity. We are trying to reach practical results quietly and without bombast and noise in this vital area of the organization's goals.

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EXPERTS, BANK MANAGERS DISCUSS GULF FINANCIAL SITUATION

London AL-HAWADITH in Arabic 22 Aug 80 pp 43, 45, 47, 49, 51, 53

/Article: "Lost Liquidity in the Oil Banks"/

/Text/ Banks are sources of funds and cash and are the place to which eyes turn, when their coffers are filled with wealth and currency--this is the picture which Arab citizens conjure up when they hear the word "bank." For this reason nothing is more difficult than to persuade these citizens that Arab banks are suffering from liquidity shortages. Perhaps it is even more difficult, or impossible, to convince them that the oil banks of the Gulf, specifically, are suffering from a liquidity shortage, though this is actual fact. AL-HAWADITH has sought to ascertain the reasons and consequences of this problem in the Gulf by various ways and means, in terms of its effect on each state in the region. In order to give the Arab reader a true picture of this phenomenon, which by the traditions of the ordinary citizen is perverse, it made a tour of the Arab Gulf region, in which it met with more than one Arab and foreign bank and investment organization manager. In its discussions with them, AL-HAWADITH did not just raise the problem of liquidity--it also reviewed more than one issue preoccupying the Arab world, foremost among them being the issue of the massive financial surpluses which the oil revolution produced, where this wealth is being spent, how the rest of it is being invested, where, why these fantastic funds are leaving the Arab region, what dangers they face outside their homelands, the extent to which the region needs them, what the benefit is in having such a large number of banks in a country like Bahrain whose population does not exceed 370,000 (34,000 of whom are Indians), and what the soundest banking system is in the Gulf at present.

AL-HAWADITH inquired about the seriousness of the Arab states' orientation toward industry, where Arab resources are headed, what the percentage of risk they are facing at a time when political and economic disturbances in the world are stressing palpable facts which could lead to the loss of these funds, and other questions on the scope for investment and coordination among Arab Gulf countries.

Offshore Banks Have Improved Banking Services and the Gulf Dinar Is Not a Possibility Because of Different Economic Systems

[Interview with Mr Nur al-Din Nur al-Din]

The first meeting was with Mr Nur-al-Din Nur-al Din, manager of the Bahrain National Bank. AL-HAWADITH asked him if Bahrain was suffering from a problem of proliferation of funds and a failure to find ways of investing them, and he said,

"Incomes in the region differ from country to country. Bahrain is a country with a limited income and it does not suffer from the problem of the proliferation of funds; rather, it has a budget which is balanced between revenues and expenditures. However, countries like Kuwait, Saudi Arabia and the Emirates enjoy a great income which they cannot spend on the development plans and projects the governments set out; this results in a surplus which must be invested. In addition, individuals have obvious surpluses which they invest in the Arab world through Gulf investment funds. This is the technique the Kuwaitis have created.

"I believe that the need to open new investment horizons remains pressing, so that they can acquire a suitable yield."

/Question/ We gather from that that part of the funds allotted in neighboring countries are not pumped into Bahrain's banks and markets.

/Answer/ As you know, we have a large number of banks, especially "off-shore" banks--foreign banking units which are aimed at acquiring deposits from Gulf countries. However, these banking units do not have the main share of these deposits, since most of these are invested directly in the international banks at their headquarters, which are distributed between America and Europe.

/Question/ How is this situation continuing, since we are the people most in need of development?

/Answer/ Ambitious, massive development plans in Kuwait, Saudi Arabia and the Emirates are continuing on a large scale, but these plans cannot wholly absorb oil revenues. Therefore the financial abundance which has resulted must be invested at a time when it cannot be invested domestically, which makes people turn toward the international money markets to obtain suitable yields, instead of freezing the money.

/Question/ The goal is to support and develop Arab banks through deposits derived from the surpluses. Last year, a British bank realized profits totalling about 549 million pounds sterling. This figure is several times the capital of the biggest Arab bank.

/Answer/ The profits of British banks last year did not result from Arab deposits. The rise in interest rates, rather, was the direct reason for

for the realization of these profits, and in addition there were massive British deposits in these banks alongside the Arab deposits.

As for why Arab deposits go to big foreign banks, that may be explained by the small size of Arab banks. It is difficult for an Arab bank with capital not in excess of \$50 million to receive a big \$500-million deposit.

To encourage Gulf governments and organizations to deposit in Arab banks, it is necessary to establish banks with large capital on the lines of the Kuwaiti-Libyan Bank, whose capital totals \$1 billion. A bank of this sort can absorb and receive deposits of tens of millions. I believe that in the near future it will be in the power of Arab banks to accept big deposits.

/Question/ It is stated that delegates from Britain and Switzerland came to the area last month, to Saudi Arabia specifically, to arrange not to have more funds sent to these two countries, because of an inability to reinvest them. Is this reasonable?

/Answer/ I do not believe that that is correct, but I would not be amazed if it happened. Why? What is important to international banks is not just acquiring funds and locking them up in treasuries rather, they strive to invest the funds in the Eurodollar market by lending them out to other countries which need financing, such as developing countries.

The obstacle which has arisen now is that foreign banks cannot offer loans to everyone knocking on their doors. Some developing countries are going through unstable political circumstances and some do not have the guarantees or the ability to pay these loans when they fall due. In addition to that, most developing countries are passing through continuing stages of development and will need two decades to be able to develop properly through their development projects.

/Question/ To what extent has the banking movement in Bahrain been a success? Does its success depend on a flow of Gulf funds?

/Answer/ In the past 4 years Bahrain has succeeded in creating a good financial center in the region. We now have 100 banks representing most major banks in the world. This reflects the degree of success of the plan drawn up for this sector, which was aimed at turning Bahrain into a financial center for the area.

I do not believe that the banks present here depend totally on the funds of the region. Many of them make use of Bahrain's status as a springboard for international operations, obtaining deposits from various areas in the world and lending them out again to other areas.

/Question/ Will the Kuwaiti-Libyan Bank, whose headquarters will be in Bahrain, be an alternative to the united Arab bank which can offer its services on the Arab level?

/Answer/ My information has it that other countries in the region will join the Kuwaiti-Libyan bank. My personal opinion is that this bank, as it seems to me, is not regional, because the door is open to all Arab countries to participate in it. It is not a bad idea that Kuwait and Libya have ventured to establish it, since there is broad scope for others to enter it as participants.

In spite of that, I do not see any obstacle to the establishment of an international Arab bank which will include all Arab countries.

/Question/ What are the effects of the drop in the interest rate in America and international markets in general on the Bahraini financial market, in terms of investment?

/Answer/ The currencies of the countries in the area are directly affected by the rise in the interest rate on the dollar, because these currencies are directly or indirectly connected to America's currency. The effect is inevitable, as a result of the fact that oil revenues are collected in dollars.

The drop in interest rates has a positive effect on banking activity in the area, since the liquidity crisis is in the process of being solved because of the lack of transfers to dollars and exploitation of its former high interest rate.

As far as we in Bahrain go, we have not been affected by the former high interest rates, since the Bahrain Monetary Organization was able to provide liquidity for local banks.

/Question/ To what extent can Bahraini banks develop beyond the status they have today?

/Answer/ From the standpoint of technical and administrative development, I can say that our banks are keeping up with the most modern ones in the world. From the standpoint of quantitative development and expansion, the last 10 years have witnessed obvious development in these banks.

/Question/ Is there competition between you and foreign (offshore) banking units?

/Answer/ In my opinion, the offshore banks have helped our local banks develop; the presence of these banking units has created a market where our local banks can take part in international financial operations. This was not open to us in the past. However, there is competition, although limited. In spite of what is said about the offshore banks, they have improved banking services in Bahrain and in the area by competing to perform the best services. Positive competition creates development.

/Question/ What losses have befallen Bahraini banks from the decree the Kuwaiti Ministry of Trade and Industry adopted prohibiting dealing in Gulf shares?

/Answer/ I am not opposed to the Kuwaiti decree, because it is aimed at protecting people from stock speculators. In 1979, registered investment companies were established in Bahrain and the people were quite receptive to underwriting them through local commercial banks, to the point where they were covered more than once. Later it appeared that speculation reached its zenith in the stock of these companies, which had not yet embarked on their activities. Therefore it was natural that officials in Kuwait should suspend transactions in their shares.

We, as a bank, say that if the Kuwaitis had not adopted this decree we would have realized greater profits and companies of this type would have proliferated in Bahrain. I am not saying that we have lost, but we have not profited.

/Question/ If the Gulf dinar is destined to come into being, will the banking system in Bahrain remain as it is?

/Answer/ It is not possible to create a Gulf dinar in the foreseeable future, although that is desirable and to be wished for. The reason it is difficult to create it lies in the differences of the economic systems of the Gulf countries.

In reality it is a surprising question for me, because such an issue had not occurred to me and I had not thought of it, because of the difficulty of achieving it. [End of interview with Nur al-Din Nur al-Din]

Arab Regimes Are Governed by Personal Caprice, Which Constitutes a Danger to Investment!

[Interview with Mr Hasan Zayn al-'Abidin]

The financial surpluses which the Gulf states possess are insufficient for financing comprehensive development plans in the region, because comprehensive development priorities still do not exist. The paved roads are still substandard and the requisite foundations for development are lacking. Therefore, to state that there is financial indigestion among the Gulf states is an exaggeration and does not correspond to reality in many of its various aspects. There are funds surplus to the plans and annual budgets of the countries of the region, true, but these are part of future budgets yet to be disbursed.

This is what Mr Hasan Zayn al-'Abidin, appointed board member of the Bahrain Investment Company, says, adding:

"I do not believe that banks in Bahrain or the Gulf region are complaining of financial surpluses. The scope for investment is limited since we still are rallying around the banner of the developing countries. Building

schools, hospitals, road systems and sewers, providing water and electricity, industrial processes, and agricultural plans require that large amounts of money exist which can be invested over a period of many years.

"It is the governments which possess the surpluses and invest them in international projects."

/Question/ This view might apply to Bahrain but not to some Gulf countries.

/Answer/ We cannot say that we have completed a development plan for a given time period in full in time, since every plan calls for the implementation of many subsequent plans in series. We are still at the stage of building such foundations for the economy as roads, railways, communications and banks. Take for example the Kingdom of Saudi Arabia. It cannot complete an industrial plan in Yanbu' without having a bank to perform services for companies and workers who execute this plan.

/Question/ You say that the banks are not suffering from a deficit of funds while at the same time Kuwaiti, Bahraini and Abu Dhabi banks are suffering from a liquidity deficit. Why don't the rich Gulf states pump their surpluses into local banks, especially domestic Bahraini banks?

/Answer/ Deficits or absences of liquidity are an economic indicator. From low liquidity levels it may be understood that there is a recession and decline in incomes. The phenomenon we are talking about may be the result of a leakage of funds from countries in the area, out of a desire for high interest rates on the dollar or other currencies, or they may be the result of political circumstances. This is a temporary phenomenon and is not reaching a level where we could call it a liquidity problem. Revenues are available and oil prices are increasing; therefore I say that our liquidity shortage is a temporary one.

/Question/ Yours is the first company of its kind in Bahrain. What are your fields of investment?

/Answer/ Our fields are numerous. We finance industrial, commercial and tourist projects and construction and development projects. On the international level, we administer and organize international loans in participation with other financial institutions. We buy stocks, bonds, financial paper and gold. We prepare feasibility studies on economic projects. As for our investments, these are distributed geographically among most countries. The lending operations we performed in 1979 were 27 percent in Arab countries, 3 percent in Asia, 15 percent in Europe, 10 percent in North and South America and 3 percent in other countries.

The sectoral distribution of these loans was 14.5 percent for oil and gas projects, 10.5 percent for the industrial sector, 21 percent for banking activities and 16 percent for real estate. Trade's share was 7 percent and the rest was distributed to communications and hotel projects.

/Question/ How do you view the future for investment in European countries?

/Answer/ My view regarding investment is that it should not go beyond the Gulf countries and the Arab countries in general. Many people may not agree with me on this, but I state that investment areas in Europe and America are limited, as these countries are on the verge of completing their development processes and have become fully saturated in various sectors.

I state bluntly that our funds abroad are exposed to danger since there is a fear that the Western countries will resort to nationalizing our funds on the pretext that they constitute a financial invasion of their markets. In the long range the Arab investor will be the only loser.

/Question/ Does that mean that Arab money is in danger?

/Answer/ Not only in danger, but, if we look at yield and profitability in the West, we will be surprised to learn that it is less than that in our Arab world when guarantees and protections exist. Our countries are still fledgling ones and the scope for investment is still broad and open.

/Question/ So why are investment companies in the area still caught up in investing outside the Arab region? There are companies in Kuwait which have bought whole islands in America and turned them into tourist cities, as well as buying massive buildings in various European countries and America.

/Answer/ They know their investment policies best, but there are unfortunate objective circumstances on the Arab level. Arab regimes are dominated by personal caprice and here is where the danger lies, since investors do not dare continue with their Arab investments. Until the Arabs distinguish between politics and economics, Arab investments will avoid entering Arab countries which need them. For example, all studies show that the Sudan can feed the Arab world, but does the investor have the freedom to take money out of the Sudan? The answer is no. These are the most important obstacles facing Arab investors. I hope that Arab regimes will strive to isolate economics from politics so that the Arabs may benefit from one another.

/Question/ We gather from this that the failure to invest in Arab countries is the responsibility of regimes, not owners of capital?

/Answer/ Certainly. I hope that we will arrive at a solution to these problems, which are represented by the encroachment of political disputes among Arab regimes on joint economic and investment projects.

/Question/ What is your view of this large number of banks in Bahrain?

/Answer/ The official and popular tendency is to create an international financial center in Bahrain. This is a sound, well-studied tendency, when we look at the limited nature of income in Bahrain as compared with our neighbors in the Gulf. Bahrain is also currently oriented toward services in order to increase its income, and many banks in Bahrain provide employment opportunities for Bahraini citizens and grant facilities for the construction of real estate, hotel and other construction projects.

/Question/ On the subject of the hotel sector, it is observed that much money is being invested in this sector at a time when this sector is facing a serious slump. What is your opinion?

/Answer/ The hotel sector complements the service sector. I imagine that the absence of clear plans for this sector has led to this large number of hotels. Also, the current recession in the hotel sector may be attributed to the heavily charged political atmosphere dominating the region. Commercial activity also affects these crises, and, if everything goes well, I believe that the hotel sector will be stimulated though it will not resume the unusual upsurge which occurred in the early seventies. There was a second goal in establishing such hotels, and that was to create a causeway between Saudi Arabia and Bahrain to link up the two countries and facilitate the task of moving businessmen around.

/Question/ There are persons who link the recession in hotels to the high rates for lodgings in them. Businessmen come to Bahrain in the morning and leave in the evening, through the rapid means of transport available in Bahrain.

/Answer/ The upsurge in hotel construction and operation and increasing demand for rooms has been accompanied by a rise in construction and operating costs. However, after a period the rate of hotel occupancy dropped to 50 percent, causing hotels to fail to meet operating expenses, which caused a rise in the costs of staying in these hotels.

As regards the lease of transportation between Bahrain and other countries of the world, in my opinion that is desirable, since it reduces transport costs and attracts many people. The hotels do not depend for their profits on room occupancy, but on other services such as meals, parties and other hotel activities.

/Question/ How do you regard the real estate sector at the present time?

/Answer/ The real estate sector in Bahrain is still good, and there is a demand for good houses at appropriate prices. I believe that in another 2 years we will find a shortage in the real estate sector and there will be an upsurge in building and construction, because our country has managed to be a country of services and constantly needs offices and apartments.

/Question/ Why don't you direct most of your investments toward consumer industries?

/Answer/ To establish an industry, any industry, factors must exist for that industry's success, such as manpower, primary materials, market size, and money. As far as Bahrain goes, this is to be considered a country without primary materials, its market is limited and manpower is low. However, one can overcome that with modern factories.

The problem as far as we in the area are concerned is the lack of coordination among Gulf countries. Talk has begun recently about coordination among governments in the area to avoid overlap and to avoid incurring losses. If this coordination is established, it will be useful. If the requisite formulas for coordination are not arrived at, it will not be a bad idea to establish modest industries after determining that they are feasible.

/Question/ Fear of investing in Western countries has become evident following the political disturbances sweeping the world. Do you have new investment plans?

/Answer/ I consider that investors must turn toward the Arab area. The first step in this is to eliminate obstacles and provide guarantees, since there is no alternative to investing in the Arab world.

[He continued, emphasizing his words] Frankly, there are obstacles among countries in the region, in spite of the homogeneity and similarity of their customs, traditions and political and economic systems. I, as a Bahraini, cannot own one share in a Kuwaiti or Saudi company. Therefore we must accept the justifications for the flight of capital, as long as coordination is absent or nonexistent.

/Question/ The rise in gold prices and the aggravated inflation have caused paper currencies to lose much of their value. What is the future of these currencies?

/Answer/ This picture is correct, since inflation is lowering the buying power of paper currencies, which retain their major role in transactions. I am afraid that gold will suffer a relapse following this great price escalation. Therefore I say that it is carefully studied investments which will provide good results, if the goals are economic and not speculative.

/Question/ Do you expect a severe drop in gold?

/Answer/ I do not expect a severe drop but the likelihood of rises and falls remains present. Gold went up to \$800 an ounce then dropped to \$500. In spite of that, gold remains an important vehicle because its reserves are not frozen or controlled by foreign banks. However, as to how long gold will continue to play that role, this is something no one can predict.

(Question/ Do you believe that it has become urgent to establish a stock market in Bahrain? Why are some people afraid of it?

(Answer/ Bahrain is in palpable need of a money for financial paper, stocks, bonds and commodities like copper, sugar, tin and tea. By creating such a market we will be able to advance toward the establishment of a stock market in every sense of the word.

(Question/ Last year the Kuwaiti Ministry of Trade and Industry adopted a decree prohibiting transactions in Gulf stocks. What damage befell local banks?

(Answer/ We as a Gulf state are placing obstacles in the way of capital transfers. If we want to establish a Gulf market it will be essential to grant freedom and facilities for capital transfers, along with guarantees. As regards Gulf stocks, most of the people who own them are Kuwaitis and they are the ones who profit from these stocks. Therefore I see no justification for suspending transactions in them. Losses have befallen some people dealing in Gulf company stocks since the decree suspending dealings in them in Kuwait. *(End of interview with Hasan Zayn al-'Abidin)*

The Hotel Sector: Empty Rooms, High Prices And a Failure to Pay Are Disadvantageous to Banks

The hotel sector in the Gulf, and in Bahrain in particular, is headed for something resembling a crisis, now that it has started to decline and shrink.

A month ago a businessman traveled to Doha and stayed in a first class (five star) hotel with 400 rooms that had more than 150 employees and laborers. This hotel of 400 rooms, as the businessman says, had only 21 occupants. The tariff for 1 night in a single room was 320 riyals; that dropped to 200 riyals, and it is expected that it will drop again.

This might be one of many pictures one could give of the situation in the hotel sector in the Arab Gulf.

People responsible for this sector are anxious, especially as regards the state of Bahrain, which has planned for a decade to be a service center in the Gulf, providing all facilities to that end, including facilities bearing on the hotel management profession, so that that could be one of the pillars of the service center of the region following the destruction of Beirut.

People who are not responsible */for it/* speak bitterly about the wealth in this sector and expect that it will experience further recession and regression. In fact, some people point an accusing finger to people responsible for the country's planning, while others are afraid that ownership

of the hotel sector will revert to those financing it, namely the banks. The picture one comes up with on getting into the subject of the hotels in Bahrain is a real one, and one can understand the meaning of pessimism when one talks to the people in the hotel sector in the Gulf.

The manager of the Abu Dhabi Bank analyzes the story of the hotels in the course of a discussion of "the all-encompassing liquidity after 1973 resulting from the rise in oil prices," stating:

"The upsurge in real estate which the area, and Bahrain in particular, experienced was deficient in planning. How so?

"Local banks rushed in along with the impetuous to finance real estate projects, proceeded to give loans, and proceeded to receive interest on these loans, which they paid off in just 2 years from the date the loan was granted because of the high revenues on real estate structures. Real estate paid out capital in 3 years at most. This made the banks prefer this kind of investment. This situation continued until the country reached the saturation point, the cycle of economic retrenchment began to turn, and the banks began to complain of their loans, which were frozen in real estate from which there were no longer any economic returns. This was in 1977 and it has continued up to now; debts and interest have piled up to the point where the banks have started to come very close to owning these real properties and hotels."

He said, "The value of the real property is now being paid back in no less than 15 years and in some cases 20 years. In other cases there is no hope that the capital expended will be paid back."

He added that the victims of the financial upsurge are innumerable. They are in three sectors: real estate, stocks and hotels. Hasan Jum'ah, general manager of administrative affairs of the Bahrain National Bank, says "Fifty percent of the hotel rooms are empty and the rates are still high." He wondered about the purpose in constructing new hotels and held the Ministry of Trade and Industry of Bahrain responsible for the consequences of the current situation.

These are the views of two people involved in the banking sector in Bahrain on the hotel sector, whose share prices have dropped from 5 dinars to 1 dinar. Many people expect that the price will drop to half a dinar after the construction of three new hotels, the Sheraton, Diplomat and Renency, is completed. Their capacity is estimated at 1,400 rooms.

Bahrain and Qatar are in the same situation.

In Qatar, 10 million riyals were paid previously for a hotel named the Qatar International Hotel but today its worth does not exceed 5 million, and it is expected that its owner will sell it at that price.

Let us return to Bahrain to see what Mr Ghazi al-Musawi, the deputy director general and branch manager of the Bank of Bahrain and Kuwait, has to say about investment in the hotel sector, which has been shrinking and depressing for about 2 years.

He says, "The situation the hotel sector is going through is natural. If we go back to the beginning, to the days when the hotel industry was like a milk cow which poured out money, we will see that this sector drew capital from every direction, and as a result the number of hotels increased to a point in excess of the need for them. This was not clear at the beginning, when the financial, developmental and investment upsurges covered all the negative aspects it was expected would occur. In addition, the growth rates recorded during the past 3 years cannot be compared in terms of volume with the growth rates recorded in the sixties."

Mr al-Musawi believes that the hotel sector will suffer more when the three new hotels are built.

The final conclusion, in Mr al-Musawi's opinion, is that expansion in this sector lacked previous planning. Mr al-Musawi agrees with the two previous observers that the destiny of the hotels will ultimately be to revert to the banks which financed them. The failure to pay loan instalments and the accumulating interest will ultimately be disadvantageous to the banks.

Mr al-Musawi goes on to say, "If the entities responsible made a rapid decision to prevent the construction of new hotels, that could save existing banks from falling into the abyss."

Mr al-Musawi describes "the important story" in the hotel sector by saying, "Its labor is foreign and the costs of this labor are high in comparison with local labor, since the former requires housing, facilities and other needs. In addition, the foreign labor, whose expertise we are buying, leaves with the money. This is unfortunate."

Governments Are Acting in the Place of Banks and Politics Inhibits the Smooth Flow of Money:

AL-HAWADITH had a conversation with Mr Ghazi al-Musawi, deputy general manager and manager of branches of the Bank of Bahrain and Kuwait, on a number of issues at question, including investment in the region, agricultural investment and its requirements, the problems of smooth flow of money into the Arab world, inflation, high interest rates, the flight of capital, the dangers it is exposed to, and the good and bad points of the offshore banks.

The talk dealt with the hotel industry in Bahrain from various standpoints, beginning with a question on Bahrain's banks in particular and Gulf banks in general, were they suffering from an excess of money?

/Answer/ In my opinion, there is no crisis in creating different features of capital investment in the region. There might be a crisis in creating funds in Gulf currencies to finance the needs of the region.

/Question/ Why don't Arab banks invest part of their money in Arab projects, such as agriculture, for example, which requires capital, in enormous stretches of the Arab nation and Africa?

/Answer/ Agricultural investment needs expertise and acquaintance with agricultural needs. It needs banks with specific ability in this field. I consider that the Gulf states have started to take the place of the banks in this field. They back, support and participate in Arab agricultural projects at the Arab level in general. The need for specialized agricultural banks is great, and there are few such banks at present.

/Question/ But the Arab agricultural banks are short of money for realizing their agricultural programs.

/Answer/ The shortage you are talking about is basically dependent on possibilities for the smooth flow of capital from one Arab country to another. This smooth flow is subject to numerous factors. Political, social and economic factors stand as an obstacle to the ease of the flow and free transfer of money.

/Question/ Last year Bahrain received a \$70-million loan from foreign banks, with a minor contribution from local banks, to expand the Alba aluminum plant. Why didn't local banks perform that task instead of the foreign ones, which got the interest?

/Answer/ When the government of Bahrain put the loan up on the international market it was natural that the foreign banking units would contribute the major share, in view of the inability of the three banks in Bahrain to finance a project of this size. The small size of our banks limits their ability to finance major projects. Is it banking policy for a bank to lend out a sum equivalent to its capital to one borrower? The collapse of the project would mean the collapse of the bank.

/Question/ Depositing in international banks has become one of the broadest fields of investment now. Is this tendency of benefit to the investor, especially since the rate of inflation is increasing every day?

/Answer/ For the first time, the existing balance between the interest rate and the rate of inflation has been disrupted. It was well known that the interest rate was below the inflation rate, especially in the dollar market. However, in the last few months the interest rate has risen and exceeds the rate of inflation. This has caused investors to deposit their money in the world's banks, to get a high interest rate. The limited nature of the markets in the area and elements of risk in investing in local

projects and companies with a relatively small volume have helped the emergence of the phenomenon of the flight and deposit of money

I believe that the outgoing currents will change as a result of the recent drop of interest rates. I also believe that the United States has ventured to devalue its currency--to correct its balance of payments, for example, or for another reason, which might be political.

Therefore the local investment climate remains more secure and confident than that for transfers to foreign markets.

/Question/ However, the flight of money has caused the emergence of a liquidity crisis in the banks.

/Answer/ The effects have not been confined to the creation of a liquidity crisis. Rather, they have transcended that to local negative effects, among them the rise in the price of local borrowing as a consequence of the paucity of local currency.

However, following the drop in American interest rates, I expect that most of the money which fled will return to take its place in the local market.

/Question/ How much time will it take to return?

/Answer/ The answer is difficult because of sudden events which happen every day without warning. Most analysts in the world did not expect rises and falls of such speed and intensity in the dollar.

/Question/ What does the drop in the interest rate on the dollar mean as far as you are concerned?

/Answer/ That event concerns us and concerns all owners of capital, since it reduces pressure on the sources of local currencies exchanged for dollars.

/Question/ The chairman of the Arab Monetary Fund said that Arab countries were suspending investment of their funds in America.

/Answer/ I have no interpretation on that. Some Arab countries might not have invested their money directly in the United States, or through projects in America, but as long as oil revenues are paid in dollars, it is necessary to find a place for them in the American market, if just for a limited time. The dollar is no longer a domestic American currency but has become a standard for determining the prices of requirements; that is, it is a worldwide currency.

The failure of Arab countries to invest directly is something I cannot make a judgment on, because it is related to political decisions. As far as investment in the United States goes, it is a risk, and I consider that

It would be better if our investments were distributed temporarily preparatory to being pumped back into the Arab development process.

/Question/ What is the benefit of offshore banks, which now have reached 45 in number?

/Answer/ The offshore banks are branches of international banks. They possess the power to conclude and make contracts, as do the banks of which they are a subsidiary, and they came to Bahrain for numerous reasons, among them to benefit from the absence of taxes in Bahrain and to get closer to the sources of money represented by Kuwait, Saudi Arabia and the Emirates. As far as Bahrain goes, it has benefited by having its citizens work in these institutions and from the rental of offices, shops and buildings and stimulation of the market. More important than all that, Bahrain has been transformed into a growing developing financial center. Advanced banking service is one way of guaranteeing that Bahrain turns into a service center in the region.

/Question/ There are people who say that foreign banking units have not been sufficiently successful because there are no good middlemen.

/Answer/ That talk in general is not valid. Some organizations or banking units have realized great success thanks to their activity in the market, and some have not, just because of administrative mistakes.

/Question/ What is your opinion about investment in the hotel sector, which is now regressing?

/Answer/ The stagnation in the hotel sector is natural, since it lacked planning and many hotels were constructed, whose resources exceeded demand. In addition to that, annual growth rates in the past 5 years were not in balance with the upsurge in construction and employment, which had become dependent on greater growth rates, as in the early seventies. I expect that hotel ownership will revert to the banks because of their failure to pay instalments on the loans they received and the interest which is increasing year after year. [End of interview with Ghazi al-Musawi]

Arabs Are Failing To Play an Intermediary Commercial and Banking Role

Mr 'Abd-al-Latif Jinahi, general manager of the Islamic Bank of Bahrain in Bahrain, stressed in a conversation with AL-HAWADITH that his country's banks are suffering from a liquidity shortage as a result of their activities and practices in the past. He said, "Positive measures on the part of monetary authorities have lessened the severity of the crisis."

On the connection between the liquidity crisis and the surplus money available to countries in the region, Mr Jinahi pointed the blame to the countries in the region, stating "Bahrain is a country open to various types of

of investment and is considered an important money market, but why invest these surpluses abroad?" He said, "This question must be raised before decisionmakers in the area."

He denied that offshore banks had any influence on the Islamic Bank of Bahrain because the points of emphasis on which commercial banks rely are different from those in the Islamic Bank.

On the Arab banks' role as intermediaries, Mr Jinahi stated that they have not played that role. He called for the training of Arabs who will be able to play this role in various fields, since in our various commercial transactions we rely on foreign intermediaries.

He denied that the process of mediation in banking and commercial activities required talent. He said, "Our existing agencies have not yet crystallized, and the matter is one of time and need." He stated that there is something called the foreigner complex, which is causing us to lose confidence in ourselves and our powers and abilities. He pointed out that the recent period witnessed some activity on the part of good domestic personnel at a high level of understanding and consciousness.

Mr Jinahi called on Arab peoples and governments to cooperate, coordinate and give support among themselves in order to catch up to the cavalcade of civilization and progress: "Otherwise we will remain behind and no one will notice us."

On the Arab Insurance Organization for whose establishment a contract was recently signed in Bahrain by Kuwait, the Emirates and Libya, with a capital of \$US 3 billion, Mr Jinahi said, "The capital subscribed to that does not exceed 5 percent of its permitted capital. To judge an insurance project of that magnitude is premature, because it depends on the activities which will be handed over to this project. As far as the permitted capital goes, that is tremendous and reflects the Arab market's need for a similar amount." He added that creation of an Arab insurance market was vital and essential, especially as a result of fraudulent activities and increased insurance fees on vessels, ships and tankers plying our waters on the excuse that ours is a war zone.

Mr Jinahi concluded his statement by saying,

"The resources exist to create an Arab insurance market paralleling the world markets, since the Arab market is vast, relations with the world market are good and we have the resources, if they are chosen well."

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CSO: 4802

BILLION-DOLLAR RISE IN JAPAN'S SALES TO GULF REGION

Manama GULF MIRROR in English 6-12 Sep 80 p 17

[Text]

JAPAN this week announced an increase of more than one billion dollars in its export trade with the Gulf and Saudi Arabia during the first six months of this year, and reported unprecedented heavy buying by Arab investors in the Tokyo Stock Exchange.

Figures released by the Japan Tariff Association in Tokyo show that trade with Bahrain, Kuwait, Oman, Qatar and Saudi Arabia totalled \$3.67 billion in the first six months of this year, compared with \$2.45 billion (at present exchange rates) during the same period last year.

Meanwhile, during the last week in August the Nikkei Dow Jones average on the Tokyo Stock Exchange leapt 24.36 points to a record 6,910.52 following the heavy Arab buying.

Exports to the whole Middle East during the first six months of this year were well up on those in the first half of last year: \$7,357.4 million compared with \$4,909.2 million.

Car sales to the region were up significantly. Toyota Motor Corporation, for example, reported sales up by 84.1 per cent to 142,377 vehicles while Nissan sales were up by 51.9 per cent to 77,062.

The Japanese electronics industry has also increased its exports to the Middle East, particularly in the sale of video

machines, with Japan supplying more than 50 per cent of all machines sold in the Gulf and Saudi Arabia.

Construction business continues to be a regular source of income for Japan, with the country winning 8 per cent of all contracts awarded in the Middle East during the first six months of this year. The deals were worth a total of \$1,462.4 million.

The increased trade with the region helps Japan to offset part of its balance of trade deficit. Japan is more dependent on imported oil than any other industrialised nation.

In the first six months of 1980, Japan spent \$22,847.2 million on imports from the Middle East compared with \$11,832.4 million in the same period the previous year.

Japanese exports to the Gulf and Saudi Arabia, January to June.
(Figures in million US dollars at current exchange rate):

	1980	1979
Bahrain	75.346	67.57
Kuwait	563.22	334.744
Oman	131.32	68.50
Qatar	107.01	112.27
Saudi Arabia	2,195.75	1,473.95
UAE	602.3	389.39

TRADE COOPERATION AMONG GULF STATES URGED

Abu Dhabi EMIRATES NEWS in English 7 Oct 80 p 3

[Text]

Dubai, Oct. 6 (WAM): The Federation of the Gulf Chambers of Trade has called for strengthening of communications and liaison between the Arab Gulf countries and approved a project on mediation and trade arbitration between Gulf countries. Head of Dubai Chamber of Trade and Industry Saif Al Ghurair said here today.

Ghurair returned here after attending the meeting of Gulf Chambers of Trade, Industry and Agriculture Federation and the Arab Chambers of Trade, Industry and Agriculture Union held in Tunis. He has also attended the Arab-British Chamber's executive office meeting held in London.

Ghurair said that the Gulf Chambers' Federation discussed the issue of fraud in sea transportation and decided to ask the Paris-based International Chamber of Trade to send its plans for setting up an international office for sea transportation as one of the means to cure this problem.

The Federation also decided to take part in the international seminar to be organised by the Gulf Studies Centre of Basra University on the future of the Arab Gulf and the strategy of joint Arab work to be held from March 29 to 31.

It also decided to organise a symposium on the obstacles delaying the economic integration of the Gulf Arab countries.

On the meetings of the Arab Chambers of Trade, Industry and Agriculture Union, Ghurair said that the Union discussed some administrative issues and topics which aim at strengthening Arab economic cooperation.

The Union expressed the hope that the Arab economic summit to be held in Jordan next month be a basic step in supporting and directing the joint economic work.

It decided to prepare a memorandum on the Union's viewpoint on the strategy of the joint Arab economic work to be submitted to the proposed summit.

The Union welcomed the organising of an economic conference for representatives of the Arab and African private sectors to be held in Kenya during next year.

Ghurair said that the Arab-British Chamber's executive office reviewed its progress of work, the various administrative issues and the work of the technical committee charged with preparing proposals on the best ways to help the Chamber in achieving its goals.

INTER-ARAB AFFAIRS

ZAYED APPROVES AFRICAN ISLAMIC CENTER SET-UP

Abu Dhabi EMIRATES NEWS in English 2 Oct 80 p 1

[Text]

Abu Dhabi, Oct. 1 (WAM) His Highness President Sheikh Zayed bin Sultan Al Nahyan today issued a federal decree sanctioning the memorandum of association of the Khartoum-based African Islamic Centre.

Six Arab countries are taking part in the agreement establishing the Centre. They include Saudi Arabia, Kuwait, Qatar, Sudan, Egypt and the UAE.

The Centre's activities include propagation of Islam, serving the Islamic countries in general and the African Islamic countries in particular and cooperating with the Islamic missions in propagating Islam and Islamic culture.

The Centre is administered by council of trustees comprising representatives of the six participating countries plus the director of the Centre who is appointed by the council for a three-year period.

CSO: 4820

INTER-ARAB AFFAIRS

BRIEFS

AGRICULTURAL PROJECTS LOAN--The Kuwait-based Arab Fund for Economic and Social Development (AFESD) this week announced at \$125 million lending programme for 1980 to finance agricultural and other projects throughout the Arab world. Part of the money will be used to finance field studies into the possibility of a new microwave communications connection between Saudi Arabia, Iraq, Syria and Jordan. Other AFESD projects include a \$19.4 million road scheme in Sudan, a \$7 million agricultural programme for South Yemen and a \$20 million farm development plan for Morocco. The fund will also finance a \$9.5 million aerial testing station in Algeria. AFESD is also preparing studies on the formation of an Arab engineering consultancy, following proposals made at the Algiers meeting of Oapec. The fund is also financing industrial and mining schemes in the Arab world with a \$199 million budget. [Text] (Manama GULF MIRROR in English 6-12 Sep 90 p 17)

CSO: 4820

PROBLEMS OF ISLAMIC MOVEMENT SIMILAR TO THOSE OF PAN-ARABISM

London AL-HAWADITH in Arabic 11 Jul 80 pp 20-23

[Article by Nash'at Al-Taghlibi: "Islamic Tide in the Region Stricken by the Same Nemesis as the Arab Tide"]

[Text] In the thirties, a Syrian-Jordanian-Saudi commission was set up in Syria to study the prospects of reviving the Hejaz railway line from Damascus to the Islamic holy places via Jordan, so as to facilitate the movement of pilgrims and avoid hardships encountered along the desert road. At the time, airliners had not yet started to operate, cars were not available and roads were very poor.

Like many other inter-Arab projects, this project never saw the light of day, either because of political disputes among the three states now and then, or because of differences over funding, or as a result of unexpected circumstances. Now and then, the papers would report the news of the joint commission with a sense of earnestness and optimism on the whole, but as days passed, news of the commission became a source of tongue-in-the-cheek entertainment and amusement. Eventually, the public forgot all about the commission and could not care less. The members of the commission changed several times as regimes and circumstances changed. Some of them died, and, with the advent of the age of cars and airplanes, almost nobody gave railroads another thought.

The unexpected surprise, however, is that the commission is still alive, according to press reports. More than 45 years after the emergence of the idea of the project, the commission is still meeting and drawing up plans.

On 14 May 1948, the late Syrian President Shukri al-Quwatli received a number of journalists at the presidential palace. Martial law had been declared in Syria, war preparations were in full swing and the papers were full of the news of the unprecedented victories scored by the Liberation Army led by the late Fawzi al-Qawuqji from his headquarters in Beirut. Addressing the journalists, Shukri al-Quwatli said: "This is one of the most illustrious days in our history. Tomorrow the Arab armies will enter Palestine to extricate it from the claws of Zionism

and restore justice to the rightful people. We will be victorious, God willing." When a journalist asked about the differences among the Arab states and the possible effect of those differences on military operations, al-Quwatli answered: "As God is my witness, we will abstain from engaging in any differences until we achieve our goal and score the great victory. The fast of Ramadan lasts 30 days, but we are willing to go on a longer fast in which we will abstain from indulging in differences for 2, 3 months, even a year, so as to fulfill our nationalist goals which are precious to all of us."

The great fast was declared indeed. Unfortunately, it was not a fast in which the Arab states abstained from engaging in differences. It was a fast in which they abstained from fulfilling pan-Arab goals. This fast has been going on for 32 years and had developed in the course of time into 2 fasts, or a compound fast. To date no one knows how this fast will end and when the crescent of the political 'Id al-Fitr will be sighted. [When the new moon of the month of Shawwal is sighted, the fast of Ramadan ends and 'Id al-Fitr holiday begins.]

In 1948, the Arabs were not able to remove the Zionist enemy from the area of Palestine assigned to them under the partition plan. For 19 years they daydreamed and threatened to throw Israel into the sea, but they failed to make any preparations to carry out their intentions, while Israel did nothing but make preparations to throw the Arabs into the desert.

In 1967, the second fast began, when Israel "surprised" the Arabs and seized all of Palestine and expanded into other Arab territories. The second fast has been going on now for more than 13 years. Meanwhile, revolutions have taken place, the pile of slogans has grown bigger, and plans and strategies have become more diversified. And yet we are still where we were 32 years ago. Our national goals are forgotten, but not our differences. The only difference between 1948 and 1980 is that at the beginning of the age of "struggle" we used to challenge the whole world, believing that we could depend on ourselves and on the slogans of "united action" or "united ranks." Now, however, we depend on what others can do for us to help us regain our lands, achieve our victory and restore our dignity and pride! Arab summits have not been able to prove their effectiveness or to arrive at a plan of action--not to say a strategy--that can be implemented. Pan-Arab agreements and conventions which were signed at the inception of the Arab League remain unfulfilled and unimplemented. And the Arab information media have failed to prepare the public for "national liberation," because the media have turned into instruments serving the various regimes and making meaningless sounds when they are not directing their attention to stoking up dissension or praising rulers.

Now, the world is in turmoil, Israel is racing against time, and we are silent, waiting. We are also supposed to wait until November to see if the upcoming Arab summit will agree to a "joint strategy" or not. That is to say that we have to wait until the American presidential campaign goes into its final phase before we can tell black from white.

Observers and political experts everywhere agree that the Palestine question is primarily a pan-Arab question. The Arab regimes have inundated people with promises none of which has been fulfilled. It is said that any regime which promises the people more than it can deliver will cause the people to be disappointed in it—that is, if it does not become disappointed in itself.

Observers and political experts everywhere agree that the Arabs, who were supposed to have become a unified bloc, at least after a number of Arab countries gained "independence," and after a number of "revolutions" took place among them, have now become three blocs. One bloc depends on the Soviet socialist bloc, the second depends on the American bloc, and the third was in between until it saw salvation through the Western bloc represented by the European Common Market. That is to say that there does not exist a unified pan-Arab bloc which depends on itself and employs and utilizes the political differences in the Western world.

Observers and political experts everywhere agree that democracy is the best means of mobilizing the forces of the people and securing the people's participation in the national struggle. Even if democracy is not feasible under certain regimes, it should exist among the states which need to cooperate with each other, if these states believed in democracy. This kind of democracy is defined as "enabling each party to say what it wishes to say, so that when supporters and opponents of an issue have said all there is to be said, all parties will then agree on a line of action that would secure for each of them a place in which it can utilize its talents, capabilities and power for the sake of all."

In the Arab world, democracy is still unknown among the people as well as among the states. This is why our disputes and conflicts continued to be the axis of our lives. This axis continued to be the strongest element, because other elements prevented us from seeing what is happening among us within our own countries, as well as what is happening around us. The world has concluded that the Arabs are divided into three blocs. In fact, each one of these three blocs is divided into several sub-blocs. This is due to the weakness of the political structures and the impact of that on military structures. In the view of military experts, "politicization" deprives armies of their basic qualities and capabilities, because the politicization of armies makes them an active element in domestic politics. In such an event, certain means, such as organizations and militias, become necessary to protect the regimes from their armies. This in itself lessens the ability of armies to undertake effective action outside their own borders.

And so, the compound Arab fast has continued for all this long period of time without a glimpse of hope that there will be an early end to it. The anti-Zionist Jewish writer Alfred Lillienthal recently pointed to one potential element of Arab strength. He said: "The Arabs have not developed the means of using their dollars—that is their wealth—in the

service of their goals, in contrast to what the Zionists do. Indeed, there are those who believe that Arab funds invested in American banks serve Israel more than they serve the Arabs, who could impose their will if they could muster enough courage. But if the Arabs remain inactive and passive, they will be the losers."

Ishd al-Qawasmī, the mayor of Hebron, recently said that "40,000 Palestinians have entered Israeli prisons since 1967," that is since the beginning of the second big fast. The road to these prisons is still open!

Khalid al-Hasan, one of the most prominent figures in the PLO, said a few days ago: "The Arabs are heading for a critical period that might burn more than one Arab country." Is this a warning or is it a fact? Whatever the case may be, we are facing a reality which we cannot deny. We as Arabs have been facing, until now at least, a state of complete incapacity resulting from our "complete" failure to depend on ourselves, our failure to clearly define our goals, and our failure even to understand our "friends" or "allies." We are unable to see what they are capable of giving us, what they want to withhold from us, where their interests begin, or how our interests get sucked into the swirl--if not the hell--of their interests.

Those who have lost their confidence in Arabism, Arab nationalism and Arab unity--even in the unity of Arab ranks--are searching for a way to regain their confidence through the phenomenon of the "Islamic tide" in the region. Those people have become recently convinced of the saying by Shaykh 'Abd al-Hamid Ibn Bades (1889-1940), which has since become a proverb, that "The Arabs have agreed not to agree." But have Moslems agreed to agree? Like the Arabs, the Moslems are also divided. They fall into three major groups: conservatives, revolutionaries and in between. Beyond that, they are divided into various sects and sub-groups.

'Ali Murad, the Algerian thinker, is the director of the Collegiate Institution for Arab and Islamic Studies which he established in Lyons, France, in 1948. Along with another Algerian, Muhammad Arkun, Muhammad Talibi of Tunisia, Khalid Muhammad Khalid of Egypt, Sayyid Nasr of Iraq and other intellectuals, he has been seeking to steer Islam clear of the blemishes that have sullied it, and that have occasionally led to a kind of fanaticism which is at variance with the tolerance of Islam. Commenting on the new phenomenon, he said: "There is no doubt that Israel's intransigence and occupation of Jerusalem, Islam's third holiest place, whose history is closely associated with the creed of Islam; its occupation of Hebron, which contains the tomb of Abraham, who is holy to all Moslems; and the inability of 600 million Moslems to face 3 million Israelis are all factors that have driven Moslems of all classes to adhere and cling to the only thing available to them, namely, Islam. But it is also beyond doubt that the bankruptcy of the Arab governments since their independence was also a major factor [leading people to turn to Islam]. With regard to religion, we find that the problems faced by Islam, which have been the

cause of incapacity and failure and which have at the same time attracted and polarized the desperate people, are primarily due to ignorance." He cited the example of a number of ulema who condemned the conquest of the moon "because the astronauts who landed on the moon were not in a state of religious purity." Other ulema described the abolition of the death sentence as "an act of aggression that contradicts the Islamic faith," despite the fact that God's name occurred 56 times in the Koran accompanied by the adjectives "the merciful, the compassionate."

At any rate, the outbreak of "the Islamic revolution" in Iran has, since 1978, revived the hopes of Moslems in "the emergence of an Islamic unity or union." While it may not contribute directly to a solution of the Palestine question, that union would at least contribute to the liberation of Islam's third holiest place. Indeed, the Islamic tide, which has assumed a seemingly homogeneous character in several areas, has stirred the concern of the West and the United States, and especially worried the Soviets. Neutral observers considered it to be "one of the more stimulating factors in international life."

More than that, it has lately transpired that in 1975 Israel had begun to prepare detailed studies about "the potentialities of contemporary Islam," the possible effects of that potential on international politics, and the means to deal with these effects. As Westerners, the rulers of Israel pay attention to time and utilize every minute of time, whereas the Arabs and Moslems, because of their characteristic temporization and patience, which they developed out of their sense of fear and anxiety during the successive ages of colonization and subjugation, pay little attention to time and have no sense of its value.

Following the Soviet invasion of Afghanistan, the Afghan problem became a touchstone of Islamic power. That problem overshadowed all Arab and Islamic problems, including the problems of Eritrea and Somalia, the problem of "atheistic" influence in regions that have an Islamic character that outweighs its Arab character, and the Palestine question itself. The world was closely watching the actions of Moslems with regard to Afghanistan to detect through those actions the prospects and potential of Moslem actions in Palestine. But Moslem action vis-a-vis the Soviet invasion of Afghanistan was not any better than the behavior of the Arabs vis-a-vis the Palestine question. From the very first moment, the Islamic states disagreed over how to deal with the problem. This disagreement was over whether it was a problem of "invasion and occupation" or a question of "liberation and rescue." It was self-evident then that the Islamic governments, who were incapable of confronting the Soviet invasion even with the means available to them, would disagree over priorities. Should priority be given to dealing with the Afghan problem, which is the center of danger against the Islamic world and Arab and Islamic areas rich in resources, hence a menace that could deprive the Arabs and Moslems of their most important means of liberating Palestine, or at least solving the Palestine problem? Or should priority be given to the Palestine

question itself, confining support to Afghanistan to enthusiastic slogans and some aid that does little good.

This situation reassured Israel and the entire West, especially after the Moslems, like the Arabs before them, proved incapable of conducting a dialog that would crystallize ideas and advance rationality. The Moslems ignored anything that is capable of guaranteeing the development of thought and reason. In addition, there were attempts to invest Islam with a new ideology that would strip it of its spiritual values and give it a radical political character, as we see in Iran. There, the regime and the masses are caught in a vicious circle from which they do not know how to exit. The president of Iran no longer knows how to act or behave, because Khomeyni told him: "If you are incapable, you have to go." Iranian Moslems no longer know who is a real Moslem and who is a phony, because Khomeyni has declared that "the so-called Moslems who claim to be mujahidin or the people's fedayeen have misrepresented and misinterpreted Islam."

All Moslems in the world began to wonder whether it is true that "all the prophets have failed to achieve success and lay down the foundations of justice in the world." This is what Ayatollah Ruhollah Khomeyni said in a broadcast to the people marking the 15th of Sha'ban, which he identified only as the anniversary of the anticipated birth of the Mahdi.

Moslems outside Iran waited for a correction or a verification of Khomeyni's statements. But after waiting for a few days in vain, they became certain that the statements attributed to Khomeyni were actually made by him, and that they even involved the Prophet Muhammad, the prophet of all Moslems. Khomeyni had said: "Even the Prophet Muhammad, may God bless him and grant him salvation--the last of the prophets who came to reform mankind and implement justice--was unsuccessful in his time. The person who will succeed, lay the foundations of justice all over the world and correct deviations, is the expected Mahdi." Khomeyni explained the absence of the awaited Mahdi by saying: "God almighty has kept him as a reserve for the sake of mankind." He added: "The reason why God almighty extended the [absence?] of the awaited Mahdi, peace be upon him, is that there was no one in mankind who could undertake his major task--not even the prophets or the saints."

At this point, people began to wonder how Muhammad could be the last of the prophets and be unable to fulfill the mission which God had entrusted to him and which complements the mission of those who came before him? And who could the Mahdi be, if "there is no one in mankind who could undertake such his major task--not even the prophets or the saints"?

Without getting into a religious argument which should better be left to the ulema, it was the right of Moslems to search their souls and refer to the Koran in which all Moslems believe to ascertain whether all the prophets ending with Muhammad, may God bless him, had succeeded in their tasks and had fulfilled their missions or not. The people found that the holy

book did not cast doubt on the prophets and threatened those who did not believe in the prophets with death and destruction. Were the prophets required to make miracles or were they supposed to be "preachers and warners"--that is messengers entrusted with carrying God's words to his worshippers? In the Koranic chapter of the Spider, there is an answer to this question: "A messenger's job is to relay and explain."

What is important, however, and we have to be candid here, is that the differences in sects and interpretations made many Moslems deviate from the most important teachings of their religion, and immerse themselves in marginal disagreements that have come to endanger not just their major causes but also their very existence. This is not the fault of the prophets inasmuch as it is the fault of those who fast and abstain from food and drink for 30 days, but, at the same time, abstain from adhering to the words of God for ages (just 32 years in the case of the Arab leaders). God has exhorted his people to close ranks and not to allow divisions and enmities to come between them. He also exhorted them to examine the verses of His book so that they may be guided and see the light. Indeed, all observers and experts on politics and war everywhere have emphasized that if the Arabs and Moslems were to be "guided and see the light," they would be able to rescue Jerusalem, hence protect all their religious and national sanctities. They would then be able to deter aggression and ward off invasion of any Arab and Islamic land, including Palestine and Afghanistan.

But the fast has gone for too long, and no one has seen the light yet. As a result, we have not taken a single step forward. Indeed, we have taken several steps backwards. Our aspirations continued to depend on others rather than on ourselves. We know, however, that Europe which said that "It has realized lately the right of the Arabs in Palestine, and the right of the Palestinian people to self-determination, along with Israel's right to exist," has been unable to go beyond this drowsy sense of realization, because it is incapable of doing anything more and because we have laden it with more than its ability to bear.

As for the Soviet Union, which was the first to recognize Israel, and which still supplies it with human resources and refuses to countenance any infringement of Israel's entity, is interested in the Arab cause only insofar as this is necessary to the realization of its interests which started out with limited influence in the area, but have now expanded to include the occupation of Afghanistan. Nobody knows where these interests would end.

As for the United States, there is no one who does not know the extent of its military and economic aid to Israel and its willingness to mobilize all its capabilities to protect Israel, as we have seen happen in the 1973 war, as well as before and after it. There is no one who does not know its sham support of the Arabs and its interest in bringing about a "just peace" while placing obstacles in the face of that very peace. Last week, Israel

received the first F-16's out of a total of 75 such aircraft which will be supplied by the United States. By the end of this year, Israel will have received 42 of these aircraft. The delivery schedule has been advanced by 2 full years to enable Israel to strengthen its military forces. Three years ago, the United States supplied Israel with F-15 aircraft, which became the spearhead of Israeli attacks on Arab countries, especially Lebanon. Military experts say that the two new models of American warplanes are superior to the best Soviet aircraft models, and that Israel will have the best air force among the "states of the Western bloc."

On the other hand, the United States, despite Arab and Moslem efforts, continues to refuse to recognize the PLO and the Palestinian people's right to establish their own state. It had previously objected to the establishment of Israeli settlements in the West Bank and to Israel's attempts to change the status of Arab Jerusalem, but recently it has openly opposed the redivision of Jerusalem, and opposed the dismantling of Israeli settlements. The U.S. Ambassador to the UN, Donald McHenry, commenting on the 7th censure of Israel by the Security Council within 3 months, said that "It is impractical for the council to call for the undoing of previous measures" (his statement included Jerusalem and the settlements). He added: "We have to find a way that clearly and openly affirms that the city will not be redivided, and that followers of all faiths will have free access to the holy places." The American secretary of state criticized 40 Moslem states for submitting a draft resolution to the Security Council condemning Israel. His spokesman, Thomas Reston, said: "We believe that the status of the city of Jerusalem should be determined through negotiations."

Egypt itself no longer places serious hope on the possibility of resuming the autonomy negotiations with Israel, following the positions taken by the Begin government which have closed the door finally in the face of any possibility of negotiation. Some are saying that Egypt's hope is now pinned on Israeli public opinion. But can there be hope even in Israeli public opinion?

Let's look at the facts alone. Although Menachem Begin pledged to the American ambassador in Tel Aviv that he will not move his offices to east Jerusalem in the near future, the city of Jerusalem has been functionally annexed since 1967. Several new sections have been added to it. Following the terrorist acts to empty the city of its Arab population, that population has dwindled to 70,000 people versus 350,000 Jews. The economy of the eastern sector of the city has been merged into the economy of Israel. And now, the Jews are insisting on the removal of some Moslem holy places that lay over the buried ruins of the old temple of Solomon. The Jews believe that the greatness and full sovereignty of Israel will be realized only when the temple is rebuilt. Last year, some 40 radical Jews illegally seized the Hadassah hospital [in Hebron]. Soon the hospital became a military institution which would include two rabbinical seminaries, which Begin had made a promise to build to the radicals who support him, like rabbi Moshe Levinger, the spiritual leader of Gush Emunim, and rabbi

Meir Kahane, the terrorist. The first rabbi is the one who led the forceful entry into the Arab city of Hebron. The two rabbis also work with the "Action Movement for the Completion of the Land of Israel."

In the Jerusalem area, the Jews established the large Shiloh settlement near Bethlehem, in addition to several small settlements. They confiscated 70 square kilometers near Bethlehem and Bayt Sahur, and 70,000 donums near Al-Khan al-Ahmar. Seven agricultural settlements and three kibbutzes have been established between Jerusalem and Jaffa.

In the Jordan valley, the Jews established 10 new settlements. In the West Bank, 8 settlements were built in the highlands and 2 on the Nablus-Ramallah road. Arab lands have been confiscated to the east of Nablus and Tubas and to the southeast of Al-Birah and Ramallah. In Nablus itself, Gush Emunim is trying to build a Jewish temple in the section adjacent to the old Khan al-Tujjar, while other religious groups have stormed the village of Mashah near Tulkarm. In 1967, the Jews obliterated the villages of 'Imwas, Yalu, Bayt Nuba and Zita. In that same year, Yigal Allon, who has been classified as a moderate, propounded the doctrine of "The least possible Arabs, the most possible land." Recently, HAARETZ disclosed a third plan which it said that Yigal (Callahan), of the ruling Likud bloc, has prepared. The plan provides for intensifying the establishment of settlements in the West Bank to absorb 8 million Jews after 20 years.

Some Arab politicians are attributing everything happening now to Menachem Begin, the terrorist, saying that if the Begin government were to fail, there might be a basic change in the manner of dealing with the Arabs. But the Israeli leaders themselves provided the answer to that question. Their answers show that they may differ over the approach, but not over the goal--in contrast to the Arabs and Moslems who must differ over everything. On 14 June, the weekly LE FIGARO published statements by Israeli leaders who are most likely to assume power in Israel. The following is a summary of their answers:

a) Menachem Begin: Unified Jerusalem is the capital of Israel, and will not be divided. As for the West Bank, we have concluded an agreement at Camp David which we will ultimately carry out. We call the West Bank Judea and Samaria.

b) Moshe Dayan: We will seek to turn the Jordan valley into a line of defense for Israel. Our capital is Jerusalem. We will be ready to return to Jordan those areas in which a Palestinian majority lives. But Jerusalem should remain within Israel. As for our security, we refuse to be subordinated to anyone, or to subject our security to any conditions and terms.

c) Yitzhak Rabin: The Camp David accords have opened the way, but they do not constitute a final solution. I do not expect a new war, and the dialog with Egypt should continue. The Palestinians expect from us clear

ideas, so let us give them those ideas, and let us tell Jordan openly what it should expect from us.

d) Shimon Peres: Autonomy should be given to the Gaza sector quickly and without reservations. This is a simple matter, because the Jerusalem question is not involved there, and the PLO's influence is nil. We do not intend to give autonomy to the West Bank, but I am convinced of the need to invite King Husayn to negotiate a "territorial settlement" that would lead to the establishment of a Jordanian-Palestinian administration in the territories which would be returned, provided that these territories are annexed to the Hashimite Kingdom of Jordan. If we are against the establishment of a Palestinian state along our borders, it is because we do not want Israel's existence to be jeopardized.

Israeli public opinion seems to be more radical than its leaders. As (Ilyakim Hitsni) puts it, Israeli public opinion feels that the real Israel is Nablus, Jerusalem, Hebron and Beersheba; that Judea and Samaria (the West Bank) are Jewish land; that there can be no coexistence between Jews and Arabs; and that "neither the PLO nor al-Sadat can make us leave our country."

Professor (Yoffa Nieman), who once held the post of assistant director of intelligence in the Israeli army, and who has made a number of nuclear discoveries, turned his back on everything last October to form a radical party under the name of "Renaissance." (Nieman) says: "God does not enter into my equation. Begin abandoned at Camp David the eastern area which protects Israel. Victories have turned into defeats. Why is it that only the Arabs cannot live as a minority in a country like Israel? Agreement to the removal of Jewish settlements, even in Sinai, is a deviation from Zionist practice. When the state becomes weak, counter-terrorism becomes inevitable."

Professor (Fulamor), director of the Humanities Institution in Jerusalem, says that there should never be an Arab force that can cross the river Jordan. (Katsofer), the teacher from Kiryat Arba, has gathered around him a group of people who support the idea of filling "Judea and Samaria" with 200,000 to 300,000 settlers "according to God's promise to Abraham," as he puts it. He adds: "There is no government that dares to go backwards and accept the establishment of a Palestinian state."

Through such samples of opinion among the Israeli public, the terrorism which existed before and after 1948 has found a new outlet. When the question of the possible return to the 1967 borders began to be discussed, merely discussed, Zionist terror immediately went into action. It is true that the Begin government, by its nature, is terroristic, but it is also true that the Israelis themselves, by their historical makeup, on the one hand, and the capabilities they have amassed over a period of 32 years, have made terror their favorite means of achieving their ambitions and goals. When reports announced the emergence of a clandestine terrorist

Zionist organization known as (T.N.T.), denoting the words "terror counter terror," people were surprised to see the name of that organization appear on Arab walls, bringing back to mind such organizations as the Stern, Irgun and Haganah. It is no coincidence that Israel's interior minister himself is the leader of a fanatical religious party. In that sense, he cannot and would not want to control terrorism or even monitor the activities of such an organization as Gush Emunim, some of whose members are also members of his party.

If we turn to recent history, we find that Lenin himself changed overnight from an advocate of a political theory to an advocate of a terroristic theory. It is said that the incident which made him adopt that method of political struggle was the incident in which the Russian czar quelled a demonstration of 200,000 people in San Petersburg on 9 January 1907. The czar's action led to the death of 500 people and the wounding of 3,000. On that day, Lenin, then a refugee in Switzerland, addressed letters to his comrades in Russia in which he said: "Marxism does not reject any form of struggle."

A year later, Lenin laid down the strategy of terrorist battles. From Geneva, he wrote to his supporters: "Spit on all plans. Throw all rights and principles in hell. Teach each group a simple and short way to make a bomb." From that day, the world has known "revolutionary terror" and "revolutionary dictatorship." The first teacher was, and still is, a Jew.

We, the Arabs did not have a teacher. Therefore, we turned to history and began to delve into it in search of past glories and old "Saladins," because we could not find a new Saladin.

Until when will this compound fast continue? Only God knows. Tomorrow Ramadan begins. As usual we will begin our fasting. Once the 30 days of fasting are over, and the Shawwal crescent is sighted, writers will outbid each other in repeating the same sentence they have been saying since the Arabs were plagued by colonialism, followed by Zionism: "O, holiday, just look at our condition." What is important is that no Arab yet has ever used the saying with which Jews greeted each other in the Diaspora: "Next year in Jerusalem." The urge to think of and look forward to what should happen next year has not developed yet [among the Arabs] for innumerable reasons. Some of these reasons can be found in this article if anyone cares to reread it.

9254

CSO: 4802

PHILIPPINE-ARAB CONSTRUCTION COMPANY TO OPEN IN BAHRAIN

Manamah GULF MIRROR in English 30 Aug-5 Sep 80 p 19

[Text]

A PHILIPPINE-ARAB construction conglomerate is to be launched as a Bahrain exempt company shortly. One of those closely involved predicts it will become "a major economic force in the Gulf."

Bahrain's Ministry of Commerce this week announced approval "in principle" for the establishment of Consolidated Gulf Services and Industries (CGSI).

The news comes a week after Allied Banking Corporation began OBU operations in Bahrain — the first Philippines bank to open a branch in the region.

It also marks a concerted effort by the Philippines to follow its Far East competitors, Japan and South Korea, into lucrative Gulf markets.

The company will be involved in housing and electrification projects, water and sewer systems, ports management, hospitals and health care, agriculture and fisheries schemes and general engineering.

Its paid up capital will be \$100 million spread over 1,000 shareholders. The majority stake will be held by Bahraini, Kuwaiti, UAE and Saudi Arabian businessmen and industrialists.

The main Philippine component will be Landoil Resources Corporation, the archipelago's main private exploration firm with assets totaling \$150 million.

Landoil already has more than \$800 million worth of contracts in the Gulf — mainly building and building-associated work. It has offices in Jeddah, Riyadh, Dammam, Yanbu, and Jubail in Saudi Arabia, plus Kuwait and other Arab and European countries.

According to Landoil president Jose de Venecia, who visited Bahrain this week with a Philippines Government mission on its way to Saudi Arabia, it will pave the way for major Asian-Arab joint ventures.

Bahrain chosen

He said: "The time has come for Asian companies in alliance with Arab capital to locate multi-national and regional businesses in the Middle East. Up to now Asian companies have only had 'transit stations' here rather than a permanent presence."

"CSGI can become a major economic force in the Gulf," said Mr De Venecia, adding that in anticipation of its registration the group was already bidding for new projects in the region and the Middle East generally.

Bahrain was chosen as the headquarters because of the government's enlightened policies, attractive incentives and impressive achievements, he said.

RELIGIOUS AWAKENING SEEN IN ARAB COMMUNITY

Tel Aviv MA'ARIV in Hebrew 10 Aug 80 p 19

[Article by Yusef Tauriel: "Ramadan Holiday Reveals Process of Religious Revival in Judea and Samaria"]

[Text] Organizers of sermons for the Ramadan fast at Bir Zeit University didn't imagine that such large numbers of students would be interested in attending. 'Ali Ibrahim Rab'ah, who grew accustomed to walking alone to the mosque each day, was surprised this month when his two grown sons decided to fast and accompany their father to prayer.

Extremists among West Bank Arab youth wish to view this as the beginning of the "Islamic Revolution" in the area. But the moderates express it in the same way as members of the military government. They say that this is the beginning of a religious awakening among educated youth.

A brief conversation with 'Ali Ibrahim's two sons reveals what is happening among those Arab youth thought of as rejecting religious values and tradition. I met them on Friday, on their way to the mosque with their father. They wore holiday clothes.

The elder son is about 30 years old. Unlike his father, he received a primary education. After completing school with honors, he received a scholarship to high school. Today he is an accountant. The younger son followed in his brother's footsteps, and following completion of high school, plans to continue his studies in a European university.

The period of Ramadan is also a time of mass prayer at mosques. Though the Rab'ah family makes do with prayer at the local mosque through the week, on Friday they go to the Al-Aksa and Omar mosques in Jerusalem. Here, as the oldest son puts it, they feel "a part of the greater Arab people."

The Faith is Within

The father says: "I was sorry for years that my children didn't follow my ways. They behaved like unbelievers, didn't fast, fooled around with

girls, smoked and acted irresponsibly. They even showed their father and mother disrespect. Now, of their own will, they have returned to the faith. If only it lasts!"

The elder son: "I haven't returned to the faith. It was within me. Last year I felt the need to fast several days and twice went to the mosque. It happened through the influence of someone older than myself, a person I respect. He suggested that I read two books about the history of Islam. I read them and gradually became interested in my heritage. Today, I feel that religion is essential to my daily existence."

The younger son: "I see religion as a framework for living. It unites people. If we were under Jordanian rule today, you probably would not see me going to the mosque with my father, and I certainly wouldn't fast during the month of Ramadan. But, we don't have a country. For 13 years we have been living under Israeli rule. Religion is capable of uniting us today."

The story of the Rab'ah family is not exceptional. In the past, denial of religious faith was a clearly manifest trend in institutions of higher learning of East Jerusalem and the West Bank. Over the past 2 years a process of return to Islam has become apparent. Young people willingly accept, among other things, the prohibition on eating and drinking during the Ramadan fast.

Fewer Infractions on the Law

The decrease in the number of cases brought to trial for desecrating the fast during the month of Ramadan is an obvious sign of the religious influence upon youth in the occupied territories. Even in a "rebellious" city like Ramallah, few dare to flaunt religious disrespect. Restaurants are deserted. Most owners prefer to close during the daylight hours, both for the sake of tradition and economic considerations. Restaurants open only after sunset, when eating and drinking are permissible.

The month of Ramadan, is thus, a most clear expression of what radicals in the occupied territories refer to as the "Islamic Revolution" sweeping over them. During the past two years there has been a steadily increasing demand for religious books. There may or may not be a coincidence between Khomeini's rise to power in Iran and the dramatic increase in interest in Islam. The best-selling religious book in East Jerusalem and the occupied territories over the past year has been Khomeini's "The Islamic Republic." There is also great demand for other religious books, such as "Reviving Religious Science," by [al-Ghazali], "The Moslem Brotherhood" by ideologist Hassan al-Banna, books dealing with the way of life of the Islamic woman, the Islamic family and the Islamic child, Kor'an explained for children and youth and Islamic stories and legends.

In Israel, the term "Repenters" is applied to those returning to religion. Among West Bank Arabs this is spoken of in different terms, such as

awakening, revival or unification. Another difference is that this religious awakening is not intended to serve the needs of the individual. It is a means for achieving political aims. It forms a barrier against "foreign rule." It is a tool with the power to close the ranks, both in the short and long term.

About 6 months ago, a student from Bir Zeit University wrote that the only realm in which it is possible to strike back at the Israeli military government lies in religion. It is not surprising, therefore, that young people are seizing religion as a means to achieving two goals: gaining support from the same values which preserved the Islamic nation in all generations, and consolidating the ranks vis-à-vis Israel.

8770

CSO: 4805

MINISTER SHARON JUSTIFIES STAND ON SETTLEMENTS

Tel Aviv HA'ARIV in Hebrew 15 Aug 80 p 20

[Interview with Minister of Agriculture Ariel Sharon, in Jerusalem, by Dov Goldstein; date not given]

[Text] Arik Sharon has friends and enemies. He is loved as well as hated. Sharon isn't the type of despair over the fact that his political enemies and others who hate him are more vocal than his friends. He has always been strong willed and thick skinned.

There is one thing he is extremely sensitive about, and I hope he forgives me if I am revealing a secret to his political arch-rivals: He can't bear the claim that he embodies a danger to democracy, a claim that has been expressed more than once in various ways. It troubles him.

He has more evidence to destroy this accusation than he can use publicly. Some of this evidence is contained in the reports of closed and secret meetings. He cannot use such evidence.

I met Sharon this week at his Jerusalem office. He is tanned, quiet, and enjoys telling and hearing a good joke.

[Question] Did you get such a great tan from heated discussions with the prime minister?

[Answer] No, I spent the entire day yesterday at a fruit-picking area of the Gaza Strip. I was at Nahal Netsarim which became a civilian settlement a few days ago. I had a wonderful time. What wonderful people...it was a pleasure.

No, I wasn't escaping from some kind of struggle. I didn't run away. But experience has taught me that when you're involved in serious things and you enjoy doing them, stones thrown at you will miss their mark.

[Question] What are you and the prime minister fighting about now? Is it the "Herut" and Likud leadership?

[Answer] No. I'm not fighting with Mr Begin over leadership. So far as I'm concerned, this is not a personal struggle. I am fighting, and will continue to fight unrelentingly, over one single issue: the absolute necessity to appoint a full time defense minister whose sole responsibility is this post and who is the person best able to handle this job.

[Question] And are you this person?

[Answer] I have never claimed that I am the only person capable of filling the post of defense minister. Another agricultural minister could be found. Another prime minister could be found. Someone other than myself could be found to serve as defense minister. But I can say without hesitation that given the present circumstances and in light of Soviet military strategy in the Middle East, American weakness in the area, unprecedented gains in Arab strength, the yet unfulfilled Soviet arms buildup consisting of thousands of tanks, thousands of artillery pieces, and hundreds of new aircraft, all accumulating in the stockpiles of the Arab countries, threats from the eastern front, given all the above I would suggest that we take this situation seriously, because the Arabs intend to destroy Israel by war. Terrorism has increased. Israel is being confronted by the United States, still our greatest friend, and by Europe, but most important, by the most grave and dangerous plan now taking shape which threatens to bring nuclear weapons to the area, both through activities underway to build the nuclear reactor in Iraq and Libyan intentions to obtain nuclear weapons. In light of all this, I don't believe that there is anyone more capable than I to act as defense minister at the present time.

Once and for all, the rhetoric has to be dropped. Let's set the record straight without false modesty. Some people see the defense minister's appointment as a personal gain. This is the wrong way to look at it. Israel's defense minister has a most difficult and thankless job. One after the other, Ben Gurion, Lavon, Eshkol, Dayan and Weizman; who didn't get burned at this job?

I take the nonchalance with which the question of the appointment of a defense minister is faced, quite seriously. There is an attempt being made to "safeguard," as it were, against the personal advancement of the appointee. I'm not looking for advancement or power. I could end my government service with impressive achievement in the agricultural sector, which I returned to a strong footing from a state of collapse, and in settlement, where I succeeded in creating a new political map which cannot be ignored in any future political solution. But I know that in these hard times I can and must serve as defense minister. The public knows this. Many Likud members know this. Ministers know this...

[Question] The prime minister also wants to appoint a defense minister. Why is he wary of you, as you claim, and not fearful of Yizhaq Shamir's advancement?

[Answer] Because the "safeguards" against personal advancement apply only to "outsiders," those who aren't "our men."

[Question] You're an "outsider?"

[Answer] Yes and no. As regards the Land of Israel, I'm an "insider" and more. I do things. I don't talk about legitimacy. I create a new political map.

As concerns other matters, I'm an "outsider." I am excluded.

Understand... I was raised in a family that rooted itself in the earth of the Land of Israel. We didn't talk about it. The Land of Israel, the soil, physical labor: these are values I was raised with. We didn't philosophize about legitimacy. I was brought up to defend an obvious legitimacy with my own hands. In our house, every new settlement in the country was cause for celebration and flying flags in our hearts. Do you understand... that style bothers me...

[Question] Whose style?

[Answer] That style... I won't specify whose. I think it's obvious. In my family we talked quietly, did things quietly, judged quietly, without attempting to influence anyone through loud and dramatic rhetoric. That style, that style...it kills me...my parents were educated people. My late father was one of the greatest intellects I have ever met in my life. He had an unusual command of literature, music, languages. He was truly fluent in Latin. But he was modest. It enriched his knowledge and gave him creative strength, but he never used it for show. Never threw in Latin words when he spoke in order to impress people. Demonstrativeness is foreign to me. It bothers me. Maybe it's a weakness.

[Question] Perhaps you're not where you belong?

[Answer] I admit: I have a problem. A serious problem. If others in the old MAPAI party, as it once was, still truly believed in, and not just paid lip-service to, settling the land of Israel (in the early 30's a Shomer Tzair settlement group clung to Shechem) I certainly would be in that party rather than in my present political surroundings. But unfortunately that party has hardly preserved a shred of the ideology which was its main strength. So I can't be there.

[Question] And you're an outsider in your present camp?

[Answer] No, but I'm treated like an outsider. Not by members of the party. They treat me very cordially in their departments and at meetings. But among the party leadership, particularly among the prime minister's entourage, the feeling prevails that all will be lost in the coming elections, that the party hasn't a chance, and that at least good positions

should be secured for "our people." So far as they're concerned, I'm not included in that category.

[Question] Do you believe that it's all over?

[Answer] Certainly not! The Likud's position would be lost if this defective process continued unchecked, but if instead of pursuing personal conflicts the Likud channelled its efforts towards the relevant goals, nothing would be lost.

[Question] The prime minister said this week that you were his candidate for defense minister, but that the Liberals and Democrats objected. Maybe Mr Begin himself doesn't want you as defense minister and is hiding behind your rejection by others.

[Answer] The answer is: Yes! Absolutely! When Mr Begin wanted to appoint Mr Dayan to serve as foreign minister, he did so despite everyone's opposition. If the prime minister sincerely wanted me as defense minister, he has the strength to have his way. He is committing an error that will affect the state, the Likud and himself, when he sends a matter of vital national interest down a narrow political track rather than considering vital national needs. Mr Begin had, and still has, the strength to rise above worthless arguments. This has not happened yet.

[Question] The prime minister wanted to teach you a lesson in democratic processes this week. Do you need remedial lessons in this subject?

[Answer] No, I don't. In marked contrast to what has been publicized, I have never suggested that the minority decide against the will of the majority. I proposed, demanded and warned that at least in matters of life and death we should find a different way of elucidating problems, studying issues and reaching decisions: using a broader and more fundamental approach and refraining from hasty decision making. The majority will decide in the end. That is clear. I accept this. No one needs to teach me how democracy operates.

The minority will not decide against the will of the majority. These are precisely the words I used at a meeting last week in the government forum dealing with a certain subject. These were my words and they are on the record of that ministerial committee. If, despite this, the prime minister tried to teach me a lesson in democratic procedure and if one of his colleagues went to the trouble of leaking this to the media, I saw it as a clear, open and serious provocation to which I couldn't help but react.

[Question] Perhaps you need to improve your ability to face provocation rather than your concept of democratic processes?

[Answer] I can face and withstand provocations. They have been numerous in the past and I have withstood them. However, there is another kind of

provocation which I cannot accept. I cannot restrain myself and must react immediately: This is the provocation aimed at trampling my name in full public view and presenting me as a danger to democracy. It is unfounded and was never true. The result of such a provocation is a long-term and lasting drop in favorable public opinion, sometimes for a period of many years. I have already observed this: In January 1978 an attempt was made to hold me responsible for the establishment of additional settlements in the Rafi'ah region, despite the fact that this was a clear government decision. I never heard a single person, including the prime minister, declare that the accusations against me were libelous. But then I still thought that for the sake of government unity it would be best to remain silent and take the insults. I'm still paying for that today. My decision has been not to ignore things like this anymore. I have explained this decision to my colleagues in the government as well as the Knesset.

[Question] Can a minister remain in the government after he accuses the prime minister of making irresponsible security decisions?

[Answer] Can a prime minister remain at his post after having said that if one of his ministers was appointed to the defense post he would surround the prime minister's office with tanks? Fact: the prime minister apologized and remained prime minister. I retracted my statements and remained a government minister. As the clamour for my appointment as defense minister grows among the public, in the Likud and among Knesset members, I am increasingly provoked and I won't remain silent. Let there be no doubt about that.

[Question] And now, since you have retracted the most serious accusation a minister can level against the prime minister of a government he is serving, can we all rest assured that the prime minister-defense minister reaches major decisions with complete responsibility, and only after thorough consideration?

[Answer] I offered my apology and can only add that even the late Ben Gurion would have been unable to fill both positions, as prime minister and defense minister. No one man could bear this burden. We have a wonderful army and excellent officers. The best of our youth is in ZAHAL. From the standpoint of strategic readiness ZAHAL is among the best armies in the world. It has modern weapons, among the most advanced in the world. There is a fighting spirit. ZAHAL will succeed in any assignment it is given. But the defense network is very broad, very complex and full of problems. In the peace framework we have undertaken great risks. We must now alter the structure of the army and constantly test ourselves and sometimes make difficult decisions affecting the structure and organization of the entire network. This requires active, daily, constant participation and a complete familiarity with the network at first hand. The defense minister must be familiar with every component of the network and with the network as a whole. Penetrating clarifications and deliberations must also be made on the effect of defense needs on the economy, and on the details of complicated operational decisions. Our situation is unlike that of other

countries. We are still in the midst of a life and death struggle. The dangers are steadily increasing. Defense cannot be handled on a "part-time" basis. A defense minister must be appointed without delay. This appointment must be made unhampered by the confines of narrow party considerations.

I informed the prime minister that if I feel that I am being made to seem unfit for this appointment I will have no choice but to offer my resignation. If the prime minister does not want me as a partner in the difficult struggles facing the country, I cannot force him to accept me.

[Question] Something in your position is unclear: So long as the prime minister keeps the defense portfolio, you don't resign, though it is clear to you that he cannot devote the necessary time to defense. But if the prime minister appoints a defense minister who will be able to devote all his attention to defense, you will resign. Why?

[Answer] The present situation cannot last a long time. The prime minister knows this too. The situation is temporary. As long as the prime minister hasn't appointed anyone to this post, there is still a chance that the person who is the most suitable candidate will be appointed. So, the present situation is preferable to an inferior permanent appointment. If the prime minister doesn't appoint me, I will leave the government.

[Question] Defense matters nearly always involve life and death decisions. Do you believe that every minister should have an equal voice in defense decision making, or that minister with considerable military experience should have a greater voice, beyond proportional numbers?

[Answer] In any event the majority decides. But no issue, particularly one involving decisions over human lives, should be brought to final vote until all decision makers, with or without military experience, are supplied with all the necessary information and given the opportunity to voice their opinions.

It is shockingly stupid to say that democracy necessitates unfounded decisions. The contrary is true: Because each voice carries equal weight, without the bias of experts, it is necessary that all possible information be provided and decision-makers be able to deliberate as required before deciding, so that democracy can survive intact.

[Question] It isn't that way now?

[Answer] The system exists. Its effectiveness depends upon allowing those who are best qualified to deal with military affairs the opportunity to do so exclusively.

[Question] The prime minister reminded you this week of your sins and the charitable way he has dealt with you. While you ran as the head of

"Shlomzion" in the previous elections and attacked Herut and Likud, he, despite the fact that you received only two seats, put you into "Herut" and the government. Are you grateful to Mr Begin for his generosity to you?

[Answer] In politics there are no winners and no righteous. That isn't the foundation upon which politicians' behavior rests. Mr Begin prefers to remember, selectively, certain things and ignore others. For example, he tends to forget and blur my decisive role in the establishment of the Likud, which was the cornerstone of the victory in the 1977 elections.

I don't suppose that the prime minister included me in his government as an act of personal charity. He had other considerations. He probably now believes that he doesn't need me anymore, as he has until now. In reality, it is clear that the prime minister was mistaken about this in the past and he may be mistaken again.

The reasons why Mr Begin needed me in his government until now have not changed. Perhaps they are even stronger now, in the face of difficult struggles facing the country. I conscientiously carried out the declared policy of the government, perhaps to a greater extent than any other minister.

[Question] Can it be confidently stated today that in coming elections you will appear on the Herut and Likud lists, or are you considering possible alternatives?

[Answer] Israel needs two large political blocs--the Likud and the Alignment. This was always my aim and I still strive for Likud unity. The polarization of the Likud and the Alignment will steadily increase. Should parts of the Land of Israel be handed over to strangers, or, as we maintain, should the Jordan River be Israel's border. Under the present circumstances, the Alignment's return to power poses a threat to Israel's wholeness and security.

If you are asking whether I have no option before me but running in the Herut and Likud framework, the answer is that it doesn't depend entirely on me. The actions of the Likud and its leaders could influence my decision. I never said that I'd always consent to their treating me like an outsider.

8770

CSO: 4805

JORDANIAN FOREIGN MINISTER INTERVIEWED

Paris AL-MUSTAQBAL in Arabic 6 Sep 80 pp 38-29

[Interview with Marwan al-Qasim, Jordan's Minister of Foreign Affairs by Hani Khayr, in Amman; date not given]

[Text] Jordanian foreign policy has been taking a new direction ever since the mid-seventies. This direction was confirmed after the Camp David Accords were signed. Jordan has become an important center in the Middle East, and the attempts made by the United States to force this country, which has endured long and much of the burden of confronting the Israeli enemy, to follow al-Sadat's capitulatory policy proved to be useless. In fact, the U.S. attempts increased Jordan's conviction to adhere to a policy that contrasts with and opposes the Camp David policy.

This interview with Jordan's minister of foreign affairs, Mr Marawan al-Qasim is an attempt to examine the directions of Jordan's foreign policy and Jordan's positions with regard to the developments of the Middle East crisis and what may derive therefrom.

[Question] You returned a short time ago from the meetings of the Jerusalem Committee which were held in Casablanca. Do you believe that the decisions that were made are realistic and that there is an intent to implement them?

[Answer] The Jerusalem Committee made several recommendations and resolutions to confront recent developments in the holy city of Jerusalem following the announcement by Israeli authorities of annexing the city and considering it Israel's unified capital. These resolutions came after intense meetings during which agreement over the following was reached:

1. All the countries of the Islamic Conference Organization are to be compelled to implement all the resolutions that were issued by previous Islamic conferences, and especially those that pertain to the holy city of Jerusalem.
2. Aid and assistance to the PLO and to the confrontation countries with Israel are to continue.

3. The Arab-international dialogue is to be intensified on all scenes, and all the Arab and Islamic capabilities are to be utilized to serve the pan-Arab question.

4. An emergency meeting of the Jerusalem Committee is to be held next September 18 in Morocco to follow up on the implementation of the resolutions that had been adopted either at that meeting or at conferences that preceded it.

[Question] What do you think about the call for a holy war? Do you believe that the Islamic world is prepared to engage in this holy war? Have there been previous preparations for embarking upon this battle?

[Answer] The destiny of the Arab nation for 30 or more years has been to resist a persistent and a continuous aggression that has been imposed on it. The daily experience of the Arab region is not free from struggle: this is either a direct struggle with Israel or with the power that stands behind it and threatens this area for various and different objectives and purposes. As Arabs and Moslems we believe that self-defense is legitimate and natural and that the fact of a holy war has been relevant ever since the challenge [against us] rose to the level of occupation, eviction, murder and expulsion. These methods have been practiced by the aggressor ever since the Israeli presence was established on Arab land. The Arab nation has recognized ever since then that it has to double the effort, intensify the preparations and build up its own material and moral power by relying on the tremendous material and human resources it has to become capable of taking action on the various levels of the struggle.

[Question] Do you believe that a new chief for the Israeli government instead of Menahem Begin will be able to make change?

[Answer] We in Jordan have had a long and a notable experience with the Israeli enemy. This has created in us a belief that the Israeli command with its various leaders and their different names is implementing a complete and prescribed plan from which it does not deviate. Israel has one, specific objective which all its leaders are trying to achieve even though there may be a variation and a difference in the method they use. Therefore, we do not expect anything new from any new command that assumes the reigns of power in Israel. On the basis of that fact, we have always been alerting associates and brothers to the fact that the capacity for change stems from our own power and not from the fact of change in the Israeli governments.

[Question] The Arabs rely quite a bit on President Carter's winning [the elections]. Do you think that the re-election of President Carter will contribute to solving the difficult Arab questions such as the question of Palestine?

[Answer] The Arab nation must not always stand in the framework of reacting, but it must rather capture the initiative in its questions. Therefore, we in Jordan do not think that the Arab nation is to look at Carter's success or failure [in the elections]. We should have rather reached a stage of preparedness [that would enable us] to influence international decisions and political trends in this world. With regard to President Carter himself, he is still the head of the government in the United States. We do not need a new experience to understand his position. Solving Arab questions, and chief of them is the Palestinian question, stems above all else from our unified position and our self-reliance. It would then be easy for President Carter or for another president to see the Arab right and to go along with the countries of the world in implementing the international treaties. It would also be possible for the United States to have the opportunity that would in fact enable it to participate in achieving a comprehensive, just peace in the area, and this would keep away the specter of destruction and wars not only from the area but also from the entire world.

[Question] Some Arab agencies view the European initiative as an attempt made by the countries of the European market for purely economic objectives. Arab agencies think that that initiative will not come to light before the U.S. elections. They think that during the waiting period for these elections the European countries will try to investigate the facts for the purpose of drawing up a paper that will include suggestions for solutions. Was this the purpose of (Gaston Turin's) tour in the Arab countries? During his visit to Jordan and his meeting with your excellency did (Turin) offer new suggestions to solve the Palestinian question? Has the investigation touched upon Resolution 242?

[Answer] I want to explain some facts that I rely on in answering this question.

1. Europe and the Arab world have common political, economic and cultural interests.
2. The European position is influenced by the U.S. position, and the reverse of that should be true.
3. There is a change in the European position in favor of the Arab question.

It is in the light of these facts that we saw in the European announcement a positive step even though it was an inadequate one. We asked that this position be driven closer to Arab rights and that it exert pressure on Israel to make a complete withdrawal from occupied Arab territory, including Jerusalem. We in Jordan believe that the Arab nation, in its dealings with the countries of Europe, has to act on the basis of pan-Arab interests at a time when we realize and Europe realizes that it has vital and major interests in the Arab region. This makes it incumbent upon us to place all Arab capabilities to work in the service of the pan-Arab question, especially when we know that Europe has begun to sense that the situation in the area has become dangerous and explosive as a result of the Israeli aggression

and the intransigence of the Israeli authorities regarding implementing the international resolutions. This situation is threatening international peace and security. We in Jordan have advocated more than once the necessity for intense Arab action whose purpose would be to get the Arab-European dialogue to the stage where Europe would assume its responsibilities and help the U.S. administration take its rightful position to establish a just and a comprehensive solution to the Palestinian question. We are being helped in this by the fact that we agree with the Europeans on two principles stated in the recent proposal they made on the question.

The first is the necessity for the full withdrawal of the Israeli troops from all Arab territory occupied in 1967.

The second principle is that the question of the Palestinian people is a political question and not a question of refugees or a humanitarian question.

Mr (Turin's) visit to the area came, as you mentioned, to implement the Venice Communique. During his visit we informed him about the Jordanian position which had been proclaimed; it is a position that is firm and clear and does depend on the principles of the single Arab position which was determined by the summit conferences in Baghdad and Tunisia where the Arabs' word was unified on the bases of a just and a comprehensive peace. This constitutes a minimum in any political settlement that is based on achieving full Israeli withdrawal from the occupied Arab lands, including Arab Jerusalem, and on recognizing the legitimate rights of the Palestinian people, including their right to determine their own destiny on their national soil.

When Mr (Turin) came as a representative of the European community, he proposed Resolution 242 as one of the proper foundations for solving the Palestinian question. We emphasized to him that that resolution did not deal with the Palestinian question in its entirety and that it had been proposed to remedy the Israeli aggression of 1967 against the three Arab countries: Jordan, Egypt and Syria. We assured him that Jordan had explained on various occasions that Resolution 242 included principles stipulating Israel's full withdrawal from Arab territory occupied in 1967 and that it also stipulated that land cannot be occupied by force. However, events as well as the complications and developments of the question have gone beyond the other items of this resolution.

[Question] The Arabs have called upon each other at every meeting or conference to take their resentment out on the Camp David Accords and on the Egyptian-Israeli peace treaty, but no new plan has been devised for an alternative formula to these proposed solutions. Has Jordan adopted [the responsibility] for coming up with such a formula to put an end to this floundering in international politics?

[Answer:] The Baghdad Conference has established the minimum which the Arabs will accept as a basis for a comprehensive and a just political solution. This is based on Israel's full withdrawal from all the Arab land it occupied in 1967, including Arab Jerusalem, and on recognizing the legitimate rights of the Palestinian people and especially their right to determine their own destiny on their national soil. This unified position and these just and reasonable demands have been accepted by all the countries of the world including many American countries. Jordan has also affirmed on more than one occasion that building its own political, economic and military power was the only guarantee for achieving the framework which was outlined by the resolutions of the Baghdad and Tunisia summit meetings.

[Question:] Contrary to what the Zionists are doing, the Arabs have not developed the means for utilizing their fortunes to serve their political and pan-Arab objectives. In fact there are those who swear that Arab funds which are deposited in foreign banks serve Israel and its allies more than they serve the Arabs. How can these fortunes be turned into an influential force that would be effective in serving our national questions and especially the question of Palestine?

[Answer:] Any development in the method of using Arab wealth must stem from a comprehensive plan that would be devised by all the Arab countries in accordance with their views and their capabilities. It is known that there is a concrete Arab trend in that direction. That trend is represented in an increase in the volume of aid which is offered by the Arab countries who can afford it to the Arab countries who need it. It is also represented in the completed projects of development funds, in joint projects or in loans and contributions. Once we complete the stage of domestic Arab development, we can venture out into a broader framework of formulating an Arab economic strategy whose purpose would be to invest Arab capabilities to serve national questions. In its emergency session that was held in Jordan last July the Arab Economic and Social Council approved this principle and established foundations for this strategy which is based on the following principles:

First, surplus Arab funds on deposit in foreign countries must be utilized to serve pan-Arab interests.

Second, Arab investments in the private and public sectors in friendly countries are to be encouraged, and friendly countries are to encourage Arab investments.

Third, a practical and an effective plan must be outlined to regulate foreign trade between the Arab countries and the countries of the world, provided that the trade exchanges be subject to the considerations to which those countries agree.

Fourth, the policy of loans and aid which is offered to other countries must be subject [to conditions] that would guarantee that those countries strengthen and continue their support for Arab questions.

We must also not forget to caution here that these funds must be used properly and that the articles of this strategy must be implemented according to a considered program that takes into consideration insuring and increasing these funds and not infringing upon the food and the economic security in the Arab world.

[Question] What are the best methods that you suggest be used to exert pressure on the countries that still have embassies in Jerusalem to move those embassies?

[Answer] The Jerusalem Committee adopted a plain resolution in the recent meeting it held in Morocco to deal with this subject successfully on the Islamic level. Some countries that have embassies in Jerusalem have responded to this resolution.

The subject has also been dealt with on the Arab level with the Saudi-Arab proclamation which was supported by Jordan and by most of the Arab countries. Accordingly, an Arab and an Islamic economic and political boycott will be enforced against those countries that ignore these demands. The recent Security Council Resolution on Jerusalem also gave the countries that have their embassies in Jerusalem the justification to move those embassies quickly and not to recognize the annexation of the holy city and the Israeli expansionist measure. Jordan is now waiting for the remaining countries that still have their embassies in Jerusalem to comply and to reconsider.

[Question] Do you think that the establishment of a policy of coalitions in the Arab world is in the interests of the Arab question at the present time?

[Answer] Jordan has decided to reject the policy of coalitions on the Arab scene, and it has publicly affirmed that the policy of coalitions and blocs within the Arab community is inimical to the principle of Arab solidarity and a waste of the one effort and the joint action. Its results only serve the plans of the Israeli enemy which are forever seeking to tear up and fragment the Arab position and tear down any real trend to build up its power. Jordan has advocated the necessity of building a single Arab coalition that would include all the Arab countries along with international countries or blocs in one clear, pan-Arab position that represents the Arab point of view and defends that point of view and its pan-Arab interests. Israel is forever seeking to create Arab coalitions in the Arab community that would fight and contend with each other so that this would be one of the guarantees for its continued occupation. We also find that the practices of the superpowers imply a new attempt they are making to divide the area into spheres of influence. We think that the best weapon that can serve this policy is to create these coalitions and these blocs, to distribute loyalties outside the borders and to polarize the small countries so they would revolve in the superpowers' orbit, carry out their wishes and serve their interests.

[Question] It is being said that there is a conspiracy against Lebanon and that that conspiracy includes the question of partition and the question of colonization. How do you view what is happening in Lebanon?

[Answer] Lebanon has been subjected for a long time to a conspiracy whose objective is to divide it and to put an end to it. As soon as we know who stands to benefit from the success of this conspiracy, we can easily know that Israel and those who support it are the ones who contrived this conspiracy against Lebanon to direct attention to it first and to force solutions at the expense of its territory and its people second. Because we know Israel's objectives, we as Arabs and Lebanese are responsible for not making this conspiracy succeed in Lebanon easily. We therefore hope that the people and the leaders of Lebanon will become aware of the partitioning and the division that are being planned for their country, and we hope they will oppose this by proclaiming the slogan of unity among all. We hope that the Arabs will adhere to their pan-Arab responsibility towards the fraternal country of Lebanon to deliver it from the partitioning plan which Israel is trying to bring about.

[Question] What is your view at the present stage of Jordanian-Syrian relations on the one hand and Jordanian-Palestinian relations on the other?

[Answer] Jordan's foreign policy depends on building good and fraternal relations with all the Arab brothers. This is because Jordan believes in its national duty and its pan-Arab commitments, and it adheres to the principles of the necessity of establishing bridges of confidence between the Arab countries. Such bridges would strengthen solidarity and confirm the unity of the rank in the presence of an Israeli attack. Israel is making plans to spread a spirit of division and doubt among the brothers and associates. Israel knows that any agreement between any two Arab countries will inevitably be at the expense of its arrogance and the success of its aggressive and expansionist plans. On the basis of this principle Jordan finds in fraternal Syria one of the positions for the struggle and the confrontation. Syria's safety is synonymous with Jordan's safety, just as Jordan's safety is synonymous with Syria's, and safety in both countries is synonymous with the safety and strength of the Arab nation in its entirety. We are confident that any attempts to cast doubts [among the Arabs] or make any plans to fragment them will be deterred, condemned and confronted by the Arab nation. What applies to our relations with our brothers in Syria applies to our relations with all the Arab countries and with the PLO. We are always coordinating [efforts] and consulting with the PLO and we have many meetings so as to achieve joint coordination [that would enable us] to confront many questions and matters.

8592

CSO: 4802

JORDAN'S PRESENT, FUTURE ENERGY RESOURCES DISCUSSED

Amman AL-DUSTUR in Arabic 19 Jul 80 p 5

[Report on interview with Dr Fakhri al-Daghistani, assistant director general of Royal Scientific Society, by Muhammad al-'Ibadi, in Amman; date not given]

[Text] Dr Fakhri al-Daghistani, assistant director general of the Royal Scientific Society, has called for the formulation of a general energy policy in Jordan. It would include searching for additional and alternative sources of energy, and guiding energy consumption.

Dr al-Daghistani stated that there is still hope that oil and natural gas will be discovered in Jordan. He also said that alternatives to oil, such as nuclear power and energy produced by using oil, shale, water, wind, the sun, and subterranean heat, could be utilized in Jordan and abroad.

These statements by Dr al-Daghistani were made during an interview in which he answered a number of questions dealing with the relationship between consumption and economic and social development in Jordan; Jordan's options as far as energy is concerned; the possibility of discovering oil and natural gas; and the use of nuclear power and other sources of energy in Jordan. He put emphasis on the issue of decentralized production of energy so that every household in Jordan could meet its own needs on various types of energy by utilizing solar and wind-generated energy.

Energy and Development

Dr al-Daghistani had the following to say about the relationship between energy consumption and Jordan's economic and social development:

"It is not possible to achieve progress in economic development without increasing energy consumption. The growth rates of the advanced industrial countries are accompanied by similar rates of increase in energy consumption. As for the developing countries, the increase in the rate of energy consumption is twice as high as the rate of economic growth. There are many reasons for this. They include the need to build a basic infrastructure and the lack of efficiency in the consumption of energy, especially in the sector of production. This is true in the case of Jordan.

"It is now known that the economic growth of Western Europe since World War II is due mainly to the fact that Western Europe was able to purchase Arab oil at very low prices. There are studies which indicate that, in 1960, the share of the Arab nations was 6 fils out of every 100 fils paid by the citizens of Western Europe for Arab oil. We also find that the advanced industrial countries, both the Eastern and Western blocs, consume 85 percent of the world's energy, whereas their inhabitants constitute only 30 percent of the world's population.

"We notice that since 1971, economic development in Jordan, has been accompanied by an increase in the consumption of energy. Jordan's oil refinery production in 1971 totalled about half a million tons. In 1976 it totalled 1 million tons, and in 1980 it will be 1.5 million tons. We should mention at this point, that during this period of time the share of energy used in the sectors of production was not adequate.

"For example, we find that the industrial and agricultural sectors consume about 20 percent of available liquid fuel, whereas about 25 percent of this fuel is consumed for household purposes. We find that 45 percent of available electricity is consumed by industry and agriculture, whereas 30 percent of it is used for household and lighting purposes.

"However, it should be mentioned that we do not have sufficient detailed information concerning the use of energy in the various economic sectors or the economic return from the use of this energy. The Royal Scientific Society will undertake studies in this field during the period of the next 5-year plan."

In answer to a question about Jordan's energy options, Dr al-Daghistani gave the following answer: "Right now Jordan depends totally upon imported oil. Several months ago, the newspapers mentioned that the cost of importing oil into Jordan is about the same as the revenue Jordan receives from all of its exports. This is an economic and strategic problem. To a great extent, the price is being paid by Jordan's treasury and citizens. The price subsidies which are now borne by Jordan's treasury will be paid for indirectly, in the long run, by Jordan's citizens. The problem, then, is not a problem of the government providing price subsidies for energy. It is a national problem which our citizens must be aware of, because it has an effect on their lives and the life of future generations.

"There are no quick and easy solutions to this problem, unless sufficiently large quantities of oil and natural gas are discovered. For this reason, we need to adopt a long-range strategy which includes searching for additional sources of energy, especially local sources, and guiding energy consumption. Sources of energy that could be considered are: oil and natural gas, if discovered; nuclear power; oil, shale; water power; subterranean heat; wind-generated energy; and solar energy."

Oil Exploration and the Use of Atomic Energy

Concerning the possibilities of discovering oil and the use of nuclear power in Jordan, Dr al-Daghistani said:

"Let us first begin with oil exploration. The National Resources Agency, in cooperation with companies in this field, is making seismographic and geological studies in preparation for drilling test wells. The Agency is considered to be capable of carrying out its plans in this regard, but the main obstacle is the huge cost of the operation of drilling these wells. The cost of drilling a single well is estimated at about \$20 million. But there is still hope that we will discover oil or natural gas. Also, it is probable that the technology of oil exploration in the industrial nations will develop rapidly during the next decade so that it will be possible to determine, in a more accurate fashion, locations for drilling test wells. This will then lead to a decrease in the costs of oil exploration.

"Concerning nuclear power used to generate electricity, it can only be utilized jointly with one or more of our neighboring fellow-Arab countries. The difficulties in the utilization of this type of energy are economic, technological, and political.

"The economic difficulties lie in the economic scope of a nuclear power station. Economic nuclear power stations have a production capacity of 1,000 megawatts. This is in excess of Jordan's present needs, but in the nineties it will be just right for Jordan's needs. The cost of building a nuclear power station such as this, at current prices, is about 1.5 billion dollars. The actual costs will go up while the project is being implemented, because it takes at least 10 years to finish construction of a station, starting with the date when design of the station begins. It is possible that construction of a nuclear power station such as this will be more profitable economically, if it is linked to the desalinization of sea water by utilizing part of the steam generated by the turbines to distill water. There are also technological difficulties caused by the danger of possible atomic radiation. They involve possible defects in the power station, and hazards in the transportation of nuclear fuel and the disposal of nuclear waste.

"Also, it takes at least 10 years to train specialized, technical personnel qualified to run a nuclear power station. As for the uranium fuel which is used in power stations such as these, it is possible to extract it from phosphates which have small percentages of it. This material is also available in moderate amounts in Algeria.

"The political difficulties consist of the obstacles which the industrial nations place in the way of the developing nations that wish to adopt this technology. The industrial nations consider that construction of nuclear power stations is the first step toward developing capability to produce nuclear weapons."

Other Sources of Energy

On the possibilities of utilizing other sources of energy, Dr al-Daghistani said: "Jordan does not have much in the way of waterfalls. It is only possible to generate 5 megawatts of power from the King Talal Dam, and only 30 megawatts from the Maqarin Dam. By the year 1990, these will meet only 5 percent of Jordan's electricity needs."

"As for other long-range possibilities, we can mention the flow of water from the Red Sea, at 'Aqabah, to the Dead Sea, which is 400 meters below sea level. It would be possible to add water to the Dead Sea in amounts which equal the evaporation of water from it.

"But I do not think that this would generate more than 100 megawatts of power. It should be mentioned here that about 10 percent of Jordan's energy is consumed in the pumping of water.

"There are large quantities and good varieties of oil shale in Jordan. In the long run, it will be possible to use oil shale in petrochemical industries and as fuel for the generation of electric power and the extraction of petroleum.

"The Natural Resources Agency has already initiated intensive efforts in this field for the purpose of studying the possibility of utilizing oil shale in al-lajun. It should be mentioned that the extraction of oil from oil shale requires large quantities of water. This is something that Jordan does not have.

"As for wind-generated power, it is possible to use it in several areas in Jordan where the wind blows at a speed of 4 meters per second. It is believed that wind-generated power is best used for pumping water. This can be done through direct mechanical pumping of water from wells which are no more than 30 meters deep. However, in the case of wells which are deeper than that, that is, 30 to 250 meters deep, it is possible to use windmills to produce electric power, and then use this power to operate regular water pumps.

"The fact that wind does not always blow at the same speed is considered to be the main problem in producing electric power for other uses, except on a small scale. Right now there are windmills which operate efficiently, produce 10 kilowatts of power or less, and can be used in Jordan. As for windmills with a larger capacity, they are still in the stage of research and development. Some European countries, such as Germany and Denmark, are planning to build windmill farms. These will be places where they will put large numbers of industrial windmills, near the sea, in order to produce electric power. These windmill farms will be set up on an experimental basis. It is expected that, during the next 10 years, they will develop huge windmills which will produce up to 10 kilowatts of power.

"Concerning the use of energy derived from subterranean heat, Jordan, has this potential but on a small scale in areas near hot springs. The Natural Resources Agency is undertaking studies to learn what technical and economic possibilities there are in this field.

"As for solar energy, it is possible to derive it in Jordan up to amounts of 5.5 kilowatt hours per day. Jordan is considered to be one of the earth's areas which is most exposed to the rays of the sun. There are many ways in which solar energy can be used. They include heating water, generating electricity, heating homes, refrigeration, and dehydration."

Jordan's Energy Future

Dr al-Daghistani said the following with reference to the future of energy in Jordan: "Jordan should undertake studies and research concerning energy, and should formulate a general energy policy. In order to implement such a policy, it is necessary to establish an organizational structure within present institutions or build new institutions. This policy should provide for searching for all types of additional and alternate sources of energy locally. It should also provide for utilizing all these sources of energy in a manner which yields high economic benefit and serves social justice.

"This policy should not be limited to traditional methods of generating and distributing energy. Consideration should be given to the possibilities of decentralized power production by means of using and applying various types of energy. The pumping of water can be accomplished through wind-generated power, solar energy, or both. Also, households could utilize solar energy in order to conserve energy. For this to be done, though, houses must be architecturally designed differently so that they can retain heat during the winter and stay cool during the summer.

"It is possible to heat household water by using solar heaters. And it is possible to light households by using solar power cells which generate electricity and which can operate household electrical appliances."

A Suggested Plan of Action

Dr al-Daghistani offered a plan of action for conserving energy in Jordan which could be summed up as follows: 1. Encouraging scientific research and technological development, concentrating on methods and technology which have already been proven feasible. 2. Developing local industries.

Dr al-Daghistani stressed the fact that many of the advanced countries have no oil. They import it and depend on their progress in the field of industrial production. Switzerland and Japan are examples of such countries.

9468

CSO: 4802

CABINET APPROVES TWELVE MONTHS RECONSTRUCTION PLAN

Beirut AL-SAFIR in Arabic 19 Jul 80 p 6

[Article: "Twelve Months Reconstruction Plan Approved; Plan Mainly Affects the South, and Is Financed by Arab Aid to Lebanon"]

[Text] During its last session, the cabinet approved the plan of the Council of Development and Reconstruction for the implementation of a number of projects during a period of 12 months beginning in 1980. They are financed by Arab aid to Lebanon.

Most of the projects in this plan will be implemented in south Lebanon.

This plan is part of the general reconstruction plan prepared by the Council of Development and Reconstruction.

The following is a list of the approved projects by area:

1. Housing

a. In the south:

- The building of new homes,
- The rebuilding of homes which were damaged during the disturbances.

b. In other areas:

- The building of new homes,
- Implementing the new project (decree No 6 dated 17 May 1980).

2. Drinking Water

a. In the south:

- Providing installations and equipment of Jabal 'Amil and Ra's al-'Ayn,
- Equipping artesian wells and drilling new ones.

b. In other areas:

- Implementing the project of drawing water from the wells of Damur, Na'ima and al-Mashraf to Beirut (50 million Lebanese pounds), (Cabinet decision No 31 dated 28 May 1980),
- Work and equipment for the project of procuring drinking water to al-Kharrub district in al-Shuf (5 million Lebanese pounds),
- 'Ayn al-Dilba water network (4 million Lebanese pounse).

4. Hospitals and Clinics

a. In the south: See list below.

b. In other areas:

--Installations of the Tripoli Hospital (15 million); Eastern Beirut Hospital (25 million); Western Beirut Hospital (25 million); reconstruction work on Ba'labakk Hospital (4 million) and clinics (5 million).

5. Reconstruction of Roads

a. In the south:

--Purchase of asphalt, gravel and equipment; widening and resurfacing major highways; general maintenance and construction work on the seashore road of Khaldi--Damur--Jiyih--Zahrani.

b. In other areas:

--The projects noted in the cabinet's decision No 34 of 18 June 1980 (45 million).

--The road of Hirmil-Qasr-Fisan-Ruwayma-Qubayyat (15 million) (cabinet decision No 8 of 28 May 1980).

--The road of Hadath-Ba'labakk-Afqa (10 million) (Cabinet decision No 31 of 16 March 1980).

--The project of rebuilding roads according to the plan of the Council of Development and Reconstruction.

6. Rebuilding the seaport of Beirut:

--Project of the Council of Development and Reconstruction

--The seaport committee.

7. Support for steadfastness in the south: Digging wells and shelters and rebuilding project.

8. Government buildings

--Complete the rebuilding and repair of the government office building in Beirut (1/0 million).

--Rebuild and repair the cabinet office building in al-Sana'i' (5 million).

--Renovate the parliament building and its furniture (9 million).

--Renovate the [art gallery?] in Beirut (2 million).

9. Recondition and improve the coastline--first stage.

10. Aid to the south

a. Projects of the Council of the South to assist the steadfast whose homes were destroyed or damaged.

b. Hospitals and clinics in the south.

--a mobile hospital.

--New installations and equipment for the hospital in Saida.

--Reconstruct and reequip health care in the districts.

--Equip three mother and child centers.

--Reconstruct and equip other hospitals.

--Construct underground levels in the hospitals of Tyre, Marji'yun and Lannin.

- Equip the temporary hospital in Hasbayya,
- Study the condition of the hospitals of Saida and al-Nabatiyya,
- Rebuild the health center in Bint-Jubayl,
- Complete reconstruction work on the hospital of al-Nabatiyya,
- Establish 31 health clinics,
- Reconstruct two health clinics in Kafardunin and al-Naqura, and complete construction work on the health clinic at Qaluba,
- Equip 37 health clinics.

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LEBANON

ECONOMIC SITUATION IN FIRST HALF OF 1980 REVIEWED

Al-Naba' Al-HAFIR in Arabic 18 Jul 80 p 6

[Report of Commission for Coordinating Economic Policy on First Half of 1980]

[Text] The "Commission for Coordinating Economic Policy," which was formed at the beginning of this year to analyze financial and economic policy and its effects, during the phase of development reconstruction, on monetary conditions and inflation in Lebanon, has completed its report on the (financial) situation during the first half of the current year.

The report was presented by the commission chairman, Dr Samir al-Maqdisy, to the chairman of the Council of Development and Reconstruction, Dr Muhammad 'Atallah; to finance minister, Dr 'Ali al-Khalil; and to the president of the Lebanese Central Bank, Michel Khoury. It shows that government borrowing from the Central Bank has decreased by 233 million (pounds) during the first half of the current year, in comparison to 1979.

The report states that the receipt of \$132 million in the form of Arab financial aid and subscriptions to government bonds, contributed significantly to the improvement of the government financial situation by the end of June 1980.

The report indicates a significant decrease in the treasury deficit for the current year, in comparison to 1979, when it reached 1.6 billion (pounds). The report states that this improvement is neither a result of improvement in government revenues, nor of a decrease in expenditures. Rather, it is a result of foreign aid transferred to the government account.

In spite of this improvement, the report notes that a similar improvement did not occur on the wave of inflation in Lebanon, since the positive (financial) development was not the result of internal factors related to higher revenues for the treasury or to a decrease in expenditure in general. The report also shows profits made by the government through the sale of the Central bank from its investments in foreign currencies (dollar).

As for the value of the Lebanese pound, the report indicates that it improved in relation to the dollar by 4 percent at the beginning of the current year, but that it improved during the months of May and June 1980.

The report mentions the reserve surplus of the banking system, stating that in mid-April the surplus was 520 million. In mid-June it increased to 546 million, but that it decreased to 763 million by 21 June 1980.

The report mentions the inter-bank interest rate, saying that a limit imposed by the Central Bank control this interest rate.

The following is the text of this report which is currently being discussed by the Ministry of Finance, the Lebanese Central Bank and the Ministry of Development and Reconstruction:

Subject: A preliminary review of some important financial developments during the first half of 1980.

This report summarizes some important financial developments during the first half of 1980 for the purpose of clarifying the financial picture at the first half of the current year and evaluating planned financial and development needs in the light of anticipated changes during the second half of the current year. We shall confine this summary to the following sections:

1. The government's borrowing from the Lebanese Central Bank and by means of treasury bonds.

2. The current balance of payments and changes in the rate of exchange.

3. The financial situation of banks and the change of interest rate internal and externally. This report will be followed by another one which will include a summary of development expenditures on the various projects, loans obtained and amounts withdrawn from them during the first half of the current year. The report will also include a summary of the foreign currency borrowing during that same period.

4. The government's borrowing from the Lebanese Central Bank and by means of treasury bonds during the first half of 1980.

Table I summarizes the net borrowing of the government (not for the entire 1980, but for the first half) during the first half of 1980. The figures are preliminary and subject to revision.

During the months of May and June, the government issued treasury bonds worth a net total of (that is, after redeeming matured bonds) approximately 15,000 million Lebanese pounds.

5. The government received 213 million of Arab assistance. This assistance is credited to the government's accounts at the Lebanese Central

bank. The net increase in the Treasury bonds reached, during the first half of the current year, a value of 696 million Lebanese pounds. If this amount is added to the net borrowing from the Lebanese Central Bank, then the total net government borrowing during this period would add up to 162 million Lebanese pounds.

It is clear that the Arab financial assistance to Lebanon which reached 5 billion Lebanese pounds by the end of June 1980, has significantly contributed to the improvement in the government's financial situation vis-à-vis the Lebanese Central Bank. The ability of the Ministry of Finance to issue Treasury bonds with a comparatively high value also contributed to the decrease in the government's dependency on the Lebanese Central Bank which had advanced to the government, by the end of April 1980, approximately 322 million Lebanese pounds in net loans.

In comparison with the budget deficit of 1979 which amounted to approximately 1.5 billion Lebanese pounds, the developments of the first half of the current year show a noticeable decrease in this deficit, especially with regard to net borrowing from the Lebanese Central Bank. This in itself agrees to a large extent with the authorities' financial and monetary goals. But it is important to notice that the improvement of the government's financial situation was neither the product of an increase in the average tax or other similar revenues, nor a result of a decrease in its recurrent expenditures of the government. This financial situation, as we noticed, is to a large extent a result of foreign financial assistance which was transferred internally to the government's accounts.

Internal effects differ in each situation. Raising tax levels and increasing the level of expenditures control internal inflation and decrease the pressure on the balance of payments. On the other hand, foreign assistance supports the balance of payments, but does not necessarily contribute to the decrease of internal pressure levels. The contrary could be true. It is important to note here that government revenues for the first half of the current year included a large sum of money earned from the Lebanese Central Bank's foreign investments. This in itself caused internal effects similar to those caused by foreign assistance.

2. The general balance of payments and the exchange rates.

As known, the change which occurs on the level of net foreign assets of the banking system (the Lebanese Central Bank and other commercial banks) reflects the total changes of the balance of payments. Its increase would be an indication of a surplus and its decrease would be an indication of a deficit. The existence of a surplus leads to the strengthening of the Lebanese pound; the reverse weakens it. Based upon this, the Lebanese balance of payments registered a surplus of more than 2 billion Lebanese pounds during the year 1979 and another surplus of approximately 300 million Lebanese pounds during the first quarter of 1980.

However, evaluation of the change in the value of the Lebanese pound should take into consideration changes occurring in local deposits in foreign currencies, in view of the importance of such deposits on Lebanese banking conditions. Such changes are not taken into account in the balance of payments, but they have an effect on the exchange rate. The increase in total deposits in foreign currencies means an increase in total exchanges from the Lebanese pound to foreign currencies, and creates an element of pressure on the Lebanese pound. A decrease means the reverse.

Table 2 shows the change in the net foreign assets of the banking system and in the local deposits in foreign currencies. It also shows the changes of the monetary value according to the indicators adopted for the dollar.

The table shows that if we add the change occurring in the local deposits to the change occurring in the net foreign assets of the banking system, the surplus of the balance of payments for the year 1979 and for the first quarter of 1980 would be translated into a deficit (entailing pressure on the Lebanese pound).

From this perspective we see that the decrease in value of the Lebanese pound (on the basis of the weighted price as well as on the basis of the dollar's value) in 1979 compared to 1978 (when the average dollar value was approximately three Lebanese pounds) reflects the pressure which existed that year (1979) on the Lebanese pound as is shown in item 3 of the second table. During the first quarter of 1980, the surplus of the balance of payments was also transformed into a deficit as a result of the increase in local deposits in foreign currencies which reached approximately 1 billion Lebanese pounds. This period also witnessed a high increase in interest rates abroad (Eurodollar rate) but that rate began to decline afterwards. (See the table of average interest rates). In comparison to the average value of the Lebanese pound during 1979, the interest rate declined during the first quarter of 1980. It registered a slight increase in relation to the average price of the Lebanese pound during the last months of 1979.

Measured by the weighted price, the value of the Lebanese pound decreased slightly during the first half of the current year. Measured by the price of the dollar, the decrease was more evident (it did not exceed 4 percent). But if we compare the price of the Lebanese pound with the level of its value during the last 2 months of 1979, we find that the value of the Lebanese pound increased gradually at the beginning, and then leveled off during these 2 months.

It should be noted that the Lebanese Central Bank intervened several times in the currency exchange market for the purpose of making certain that a gradual change in the exchange rate would occur.

1. The reserve surplus of the banking system and the changes in interest rate averaged.

Available estimates show that the reserve surplus of the banking system is still very high and that it has risen during the past 2 months from 57 million Lebanese pounds in mid-April to 814 million pounds in mid-June. It fell to approximately 763 million Lebanese pounds on 21 June. Based on available statistics, the total mandatory reserve was estimated on 21 June at 2,111 million Lebanese pounds out, including 1,056 million in cash, and 801 million in the form of bonds. Thus, additional capacity to put bonds in reserve reached 754 million Lebanese pounds then.

It is also known that the reserve surplus is not evenly distributed among the commercial banks, since a few of these banks own most of it, while the other banks do not own more than small amounts of reserves.

This kind of distribution of deposits and reserve surplus means that the inter-bank interest rate is controlled by a few banks, and that the issuance of treasury bonds might require positive cooperation by these banks. In the other hand, the purchase of such bonds by banks and the public is regulated to a large extent by the prevailing averages of interest rates and by the prevailing differences between the interest rate of treasury bonds and the other available interest rates inside and outside Lebanon. These interest rates have great effects on the level and direction of exchange between the Lebanese pound and foreign currencies.

The third table shows the changes in average interest rates during the first 3 months of 1980 in relation to: Term deposits, inter-bank deposits, rediscounted commercial paper, treasury bonds and "Euro-dollar London."

The table shows that the level of interest on treasury bonds was, during this period, higher than the interest level on term deposits, but lower than the level of interest on inter-bank deposits. The interest on treasury bonds and the interest on inter-bank deposits drew close during the month of April and May.

We cannot at this point analyze interest rate policies, but we can say that a drop in the level of interest in the Euro-dollar market could help reduce pressures on the Lebanese pound resulting from conversion into foreign currencies. It would also result in the successful sale of treasury bonds, in case this step is taken in the near future. It is natural that the existence of a large reserve surplus facilitates the issuance of treasury bonds under the right conditions.

Table

Government Borrowing (in millions of Lebanese pounds)

The Lebanese Central Bank	End of	1950					Total
	1949	Jan	Feb	Mar	Apr	May	First half
1. Increase or decrease in net borrowing (government deposits minus loans to the Ministry of Finance)	807	(97)	79	(167)	27	(178)	(111)
2. Transfers from account (1)	614	—	—	268	202	—	—
3. $-(1) + (2)$	1,512	(79)	79	91	229	(178)	(271)
<u>Treasury Bonds</u>							
At beginning of period	1,054	1,166	1,171	1,221	1,241	1,200	1,529
At end of period	1,266	1,171	1,221	1,241	1,200	1,529	1,862
4. Increase or (decrease)	112	5	50	20	(41)	329	333
5. Total increase or decrease $[3 + 4]$	1,624	(74)	129	111	188	151	(44)

Thus, the net borrowing of the Ministry of Finance from the Lebanese Central Bank decreased by about 253 million Lebanese pounds during the first half of 1950.

Social security deposits are not included.

Government revenues include a large amount representing transfers of profits of the Lebanese Central Bank to government accounts.

Table 1

	End of 1979	Jan	Feb	Mar	Q4
1. Net foreign assets of banking system (in million pounds)	11,664	11,526	11,837	11,940	
yearly change	• 2.07%	(112)	307	109	
2. Local deposits in foreign currencies (in million pounds)	5,606	6,066	6,483	6,710	
yearly change	• 7.91%	458	419	227	
3. 1 minus 2 (sic)	• 6,035	5,465	5,349	5,230	
yearly change	• (837)	(570)	(116)	(119)	
4. Weighted price of the Lebanese pound (Dec 1975=100)					
Commercial Index	(1) 125 (2) (120.6)	1,175	1,181	1,185	1,219
Financial Index	(1) 326 (2) (339)	327	330	338	341
5. Average dollar price (Lebanese pounds per dollar)	(1) 3.26 (2) 3.39	3.27	3.30	3.38	3.41
* In comparison with the end of 1979					
				(1) yearly average	
				(2) average of Nov and Dec 1979	

Table 3

Interest rates (%) in Lebanese and Euro-dollar markets

	Jan	Feb	Mar	Apr	May
Total deposits (1)	6.90	7.74	7.49	7.64	7.76
Interbank deposits (2) (3 months)	12.50	13.51	13.23	12.63	11.00
Rediscounted commercial paper	9.50	10.00	10.00	10.00	10.00
Treasury bonds	9.50	9.50	9.50	10.25	10.25
Euro-dollar London (3) (3 months)	14.27	15.75	18.28	16.66	10.71

Source: The Lebanese Central Bank and London Currency Report

(1) These figures represent average interest of 12 banks.

(2) These figures represent interest of two main banks and "Butler."

(3) The monthly average of interest in effect in the middle of each week. Source: London Currency Report

MONETARY POLICY RECORDS GAINS IN PAST 6 MONTHS

Beirut AL-NAHAR in Arabic 18 Aug 80 p 5

/Article: "\$565 Million Surplus in Balance of Payments; Loans Increased 9.3 Percent, Mostly in Foreign Currency"/

/Text/ The Bank of Lebanon issued a directive on 5 August to introduce further flexibility into ceilings on bank credit to the private sector, amounting to an additional 2 percent for commercial credit and 3 percent for industrial and tourist projects.

Here is an evaluation of banking developments in the first 6 months of 1980 as performed by Mr Nabil Saliba, member of the Bank Surveillance Committee, showing the changes which have occurred in the balance of payments, the volume of local liquidity, the development of credit, and fluctuations in the exchange price of the Lebanese pound, as well as fluctuations in the interest rate.

Bank Liquidity

Domestic and foreign pressures to which the Lebanese pound have been exposed since early 1979, which were accompanied by a rise in prices, prompted the Bank of Lebanon to adopt a series of measures within a specific monetary program aimed at supporting the stability of the exchange price of the pound and helping to contain price inflation by controlling expansion in public liquidity in a form consonant with the real needs of the economy.

Controlling growth in the volume of credit to the private sector and orienting it toward productive sector financing has been one of the basic points of emphasis on which the Bank of Lebanon has based its monetary program. We can state that as a result of its intensified intervention in the retail market between late 1979 and early 1980 to support the exchange price of the pound the Central Bank has managed to absorb the surplus liquidity in the banks and consequently to control their ability to expand lending in the first months of the current year.

Available data shows that the volume of free cash reserves in the possession of the banks (cash reserves less compulsory reserves for deposits less an excess credit grant less loans from the Bank of Lebanon) totalled about 148 million pounds last November, then dropped to nearly zero at the end of 1979. Out of its concern to provide necessary financing for the economic sectors, the Bank of Lebanon responded to all the banks which requested credit facilities at the time; this amounted to a maximum of about 350 million pounds at the end of January 1980. However, the constant improvement in liquidity enabled the banks to pay back what they had borrowed and consolidate their liquidity in less than 3 months. Their free cash reserves rose to a relatively high level, reaching a rate of about 460 million pounds last June. In addition there was the possibility that they might subscribe to treasury bonds, whose value came to 550 million pounds in the quarter of the current year.

Table One: Consolidated Cash Condition of the Banking System (in millions of pounds)

	End-1978	June 1979	End-1979	June 1980
Assets				
Current assets (net)	9,528	10,360	11,641	14,228
Local credits	11,476	13,617	15,840	17,316
To the public sector (net)	(1,467)	(1,644)	(2,701)	(2,821)
To the private sector	(10,009)	(11,973)	(13,139)	(14,495)
Total	21,004	23,977	27,481	31,546
Liabilities				
Money supply	6,227	6,634	6,747	7,161
Less: money in circulation	(3,285)	(3,293)	(3,506)	(3,697)
Quasi-monetary	11,509	13,318	15,700	16,489
Less: Deposits of residents in foreign currency	(2,695)	(3,657)	(5,606)	(7,122)
Total local liquidity	17,736	19,952	22,447	25,650
Other liabilities (net)	3,268	4,025	5,034	5,896
Percentage changes				
	1977-78	June 1977-78	1978-79	June 79-80
Local credits	32.8	18.7	38.1	9.3
Loans to private sector	24.1	19.6	31.3	10.3
Local liquidity	19.4	12.5	26.6	14.3
Money supply	23.0	6.5	8.3	6.1
Quasi-monetary	17.7	15.7	36.4	17.8

This improvement in bank liquidity may be ascribed to two basic factors: financing of the public sector deficit in the first quarter of the year through loans from the Bank of Lebanon (455 million pounds) and the attainment of a large surplus in the second quarter, as will be apparent subsequently.

Table Two: Factors Influencing Local Liquidity (Millions of Pounds)

	1978	June 1979	1979	June 1980
Changes in local liquidity	2,885	2,216	4,711	3,203
Money supply	(1,165)	(407)	(520)	(414)
Quasi-monetary	(1,720)	(1,809)	(4,191)	(2,789)
Changes in factors influencing liquidity	2,885	2,216	4,711	3,203
Foreign assets (net)	509	832	2,113	2,587
Local credits	2,834	2,141	4,364	1,476
To the public sector (net)	(889)	(177)	(1,234)	(120)
To the private sector	(1,945)	(1,964)	(3,130)	(1,356)
Other liabilities (net)	-458	-757	-1,766	-860

(minus sign is the factor of contraction in the development of local liquidity)

These developments in the condition of the public sector and balance of payments earnings are reflected in overall local liquidity (money and quasi-money supply) in the first half of 1980. It is to be observed from Tables One and Two that local liquidity increased by 14.3 percent in this period, that is, by an annual rate of 28.6 percent, or by 12.5 percent for the first half of the past year and 26.6 percent for that year as a whole.

It is necessary to point out that this increase in local liquidity in the half year is to be considered high, but its inflationary effects are limited since the bulk of it is represented by residents' deposits in foreign currencies, which rose in the same period by 27 percent, constituting 27.8 percent of total local liquidity as compared with 15.2 and 25 percent at the end of 1978 and 1979 consecutively. The rate of increase of these deposits began to trend toward zero at the start of April when compared with previous rates (108 percent in 1979 and 20 percent in the first quarter of 1980), as a result of the decline in interest rates on the dollar and the 10 percent rise in the second quarter of the year and 2.6 percent in the second half of 1979 on interest rates on the Lebanese pound.

Development of Credit

As contrasted with the past 2 years, when the expansion in local credits (to the public and private sectors) was the basic factor influencing the volume of local liquidity, the increase in credit in the first half of this year was relatively limited, increasing by 9.3 percent as compared with 18.7 percent in the corresponding period of last year and 38.1 percent in the whole year.

From the statistics available, one may conclude that net credits to the public sector increased by only 4.4 percent (120 million pounds), but that

does not reflect the real development in the public sector; the fiscal deficit was greater than may be inferred from the statistics, because the bulk of it was covered in accounting terms by recording the value of the first instalments of the Arab aid the government received in the second quarter (\$133 million) under the subsection of government deposits in the Bank of Lebanon budget. Thus the public sector's net commitments to the banking system declined by the same amount. That means that if the value of the aid is excluded, the public sector deficit financed by the banking system will total about 570 million pounds, or an annual volume roughly equal to the deficit last year.

As regards private sector credits, it should be mentioned that the monetary program of the Bank of Lebanon specified a ceiling for the increase in commercial loans of 20 percent, broken down among the four quarters by 6, 4, 5 and 5 percent, respectively. Thus the Bank of Lebanon permitted banks to grant the private sector additional credits of 5 percent to finance operations related to the sectors of industry and tourism.

The rate of increase in credits to the private sector in the first half of the year came to 10.3 percent, an increase which appears in keeping with the limits set out. However, one must state that most of this increase reflects an expansion in credit to residents by some banks in foreign currencies, which remain outside the stipulated credit ceilings; these rose by 67 percent (Table Four), while the increase in credits in Lebanese pounds did not exceed 3.3 percent--a low rate when compared with the permitted increase or the increase recorded during previous periods.

The main reasons for the limited expansion in lending to the private sector in Lebanese pounds and the high expansion in foreign currencies may be summarized by the following:

1. The tightness of liquidity in the Lebanese pound, which a number of banks suffered from in the first quarter of the year, and these banks' anxiety to preserve a relatively high level of liquidity.
2. The fact that many of the banks (about 40 banks of varying sizes) exceeded their credit ceilings in the first months of the year or reached the limits of their ceilings or retained narrow margins below them which they did not want to use up in full before the end of the year.

These two reasons are basically behind the great increase in credits in foreign currencies, especially since the major portion of them were recorded in the first quarter when the tightness of liquidity was at its most intense, with the limited ceilings in credit.

3. The policy of contraction in a number of banks, because they expanded rapidly the previous year or because they were drawing up a cautious policy in the light of current political and security conditions.

4. Almost total suspension of the grant of credits to finance real estate speculation and speculation in foreign currencies and precious metals, which is what occurred in the first half of last year, in response to the Bank of Lebanon's policy, in spite of the desire of the Bank Surveillance Committee to preserve the soundness of the banking system on the one hand and to avoid monetary, social and economic problems on the other.

5. The rise in interest rates on bank loans might have some effect on the volume of loan applications.

The Balance of Payments

It has previously been pointed out that the improvement in the balance of payments was the main element contributing to the increase in local liquidity.

It is apparent from the movement of the banking system's net foreign assets, adjusted in accordance with fixed exchange rates, that the total balance of payments surplus in the first half of the year came to about \$525 million as compared with \$323 during the past year. Preliminary indications for the month of July show that the balance is continuing to improve, since the surplus that month alone is estimated at about \$100 million at least.

Attainment of this balance of payments surplus may be attributed to numerous causes, among them:

1. The effectiveness of the Bank of Lebanon's monetary policy, especially in absorbing surplus local liquidity in the first quarter of the year, with the accompanying rise in interest rates on the Lebanese pound.

Table Three: Condition of the Bank of Lebanon (in Millions of pounds)

	end-1978	June 1979	end-1979	June 1980
Assets				
Foreign assets	6,674	6,569	6,242	7,621
Credit to public sector (net)*	485	700	1,635	1,205
Credit to private sector	76	86	110	120
Credit to banks	77	52	72	49
Total	7,312	7,408	8,059	8,995
Liabilities				
Primary currency	5,384	5,029	5,205	6,067
Currency in circulation	(3,285)	(3,293)	(3,506)	(3,697)
Currency in banks	(384)	(250)	(212)	(231)
Private sector deposits	(24)	(15)	(22)	(19)
Bank deposits	(1,692)	(1,471)	(1,465)	(2,120)
Foreign liabilities	75	60	71	70
Capital and reserves	212	213	278	370
Other liabilities (net)	1,640	2,106	2,505	2,486

*Government use of sector's book profits enters into these figures.

2. The drop in the interest rates on the dollar from the maximum level of 20 percent to less than 10 percent in the second quarter.

3. The government's receipt of the first instalment of Arab aid (\$133 million). Here it must be stressed that this aid will pay off part of the increasing gaps in government spending, especially from the social and

Table Four: Consolidated Condition of Commercial Banks (in millions of pounds)

	1978	June 1979	1979	June 1980
Assets				
Cash reserve	2,032	1,751	1,390	2,159
Foreign assets	6,063	7,182	9,379	10,929
Loans to the treasury	982	944	1,066	1,616
Loans to the private sector	10,009	11,887	13,029	14,375
Less foreign currency	(1,013)		(1,424)	(2,386)
Total	19,086	21,764	24,864	29,079
Liabilities				
Demand deposits	2,918	3,227	3,219	3,445
Savings and term deposits	8,814	9,661	10,094	11,367
Residents' deposits in foreign currency	2,695	3,657	5,506	7,122
Foreign commitments	3,096	3,331	3,909	4,252
Loans from Bank of Lebanon	77	53	72	49
Private funds	683	758	878	998
Other liabilities (net)	803	979	1,086	1,846

developmental angles, and in addition will enable the government to allocate the local revenues it might have at its disposal to cover great increases in ordinary expenditures. In this sphere, it is sufficient to point to the anticipated increase in wages and the escalating cost of imported fuel to more than \$750 million in the current year. Therefore the continued flow of foreign aid and loans will help alleviate pressure on monetary policy, preserve the exchange value and contain inflation rates.

It is apparent from Tables Three and Four that the bulk of the balance of payments surplus has been reflected in the state of the foreign assets of the Bank of Lebanon, which increased by about \$300 million to \$1,832,000,000 (aside from Bank of Lebanon gold reserves), that is, to the level which it reached at the end of 1978, while the commercial banks' net foreign assets rose by \$265 million.

While about 44 percent of the increase in the foreign assets of the Bank of Lebanon is represented by the Arab aid the government has received, the other portion (about \$165 million) constitutes revenues from the purchases the Bank of Lebanon made on the currency market. One should bear in mind that the bulk of total purchases will be used to finance public sector foreign purchases.

Exchange Rates

It is pointed out that the Bank of Lebanon's intense intervention in the currency market in December 1979 and the first half of January 1980 had a noticeable effect on improving the exchange rate from 3.50 pounds to the dollar to about 3.27 pounds. As a result of the measures the American administration adopted in mid-February, new pressures appeared on the exchange rate of the pound, but the effect of this pressure was relatively limited after the Central Bank succeeded in absorbing the surplus liquidity in Lebanese pounds, strengthening demand for local currency and limiting the possibility of transferring it to foreign currencies, especially the dollar, out of desire for the high interest at the time. That appeared conspicuously in the limited retrenchment of the exchange rate of the pound relative to the dollar (at the rate of 3.50 percent in February and March) and its improvement relative to most other major currencies (the German mark, the French franc and the Swiss franc), which retrenched before the dollar at higher rates. The result of this was that the real exchange rate of the pound relative to the basket of currencies which constitutes the authorized commercial index of the currency rates in the Bank of Lebanon improved in the first quarter at an average rate of 2.3 percent relative to the average rate of the exchange rate index of the basket of currencies in December 1979. With the drop in interest on the dollar starting early last April, most major currencies registered a noticeable improvement vis-a-vis the dollar, while the exchange rate of the pound relative to the dollar stabilized at a level ranging from 340 to 342 piasters up to the end of July. Thus the real exchange rate retrenched by 2.3 percent in past months (April-July) as compared with the average rate of the exchange rate index of the basket of currencies in the first quarter, in spite of the great balance of payment surplus.

The commercial index of the exchange rates (the base average rates for 1977 equalling 100):

December 1979: 120.03

December 1979: 120.8

January 1980: 117.5

February 1980: 118.1

March 1980: 118.5

April 1980: 119.3

May 1980: 121.3

June 1980: 121.8

July 1980: 122.0

This relatively limited retrenchment in the exchange rate of the pound may be attributed to the continued rise in residents' foreign currency deposits, though at a lower rate than before, and to the intervention of the Bank of Lebanon as a purchaser in the currency market to provide the government's needs and strengthen its foreign reserves. This led to increased liquidity and a drop in the interest rate on the Lebanese pound.

Interest Rates

One of the basic goals of the Bank of Lebanon's policy was and still is to raise the interest rate on the Lebanese pound to narrow the margins between that rate and the rate paid for the dollar and other currencies, in order to limit transfers abroad or retain foreign currency deposits, and consequently to strengthen the exchange rate of the pound. The Bank of Lebanon succeeded in a large extent in reaching this goal, especially at the end of last year and the early part of this year, when the level of interest rates on creditor accounts rose to record levels ranging at their maximum between 10 and 11 percent on frozen deposits and 12 and 13 percent debtor accounts (except for hard currencies). Thus interest rates on interbank transfers recorded great increases which in mid-February came to 12 percent on demand deposits and 14 percent on 3-month deposits.

In response to this increase in the interest rate, the Bank of Lebanon gradually raised the rediscount rate from 7 to 10 percent (28 January 1980), and the government was compelled to increase the interest on short-term (3 month) treasury bonds from 6.28 percent in October to 9.5 percent in the first quarter of 1980. Nonetheless, the banks did not subscribe to the bonds and confined their subscriptions to 75 million in the National Social Insurance Fund and the National Deposit Insurance Fund. Consequent to the government's need for funds and in response to the Bank of Lebanon's desire, the government conducted two issuances of treasury bonds worth 81 and 287.7 million pounds, respectively, in the fourth and fifth months, at an interest rate in keeping with market rates (10.25 percent).

With the great improvement in the liquidity situation of the banks, especially in the second quarter of the year, interest rates on the Lebanese pound started to decline. While the public's frozen deposits ranged from 8 to 9 percent, interest on interbank deposits dropped to 4 or 4.5 percent on demand and 6.5 or 7 percent for a period of 3 months. This decline might be somewhat less than what was expected, by the standards of the circumstances which prevailed during and before 1979.

One may ascribe that to numerous causes, among them the banks' general eagerness to retain a relatively high rate of liquidity after the liquidity tightness they had suffered from in the early part of the year, in addition to the public's increasing awareness on obtaining the highest possible interest rates on deposits and comparing them to those paid on deposits in foreign currencies.

It seems that the interest rates on debtor accounts did not decline by the same rate as interest rates on creditor accounts. One may explain this to some extent by the nature of banking activity in Lebanon and most banks' lack of desire to expand lending.

To that end, the government's issuance of treasury bills at reasonable market rates in quantities sometimes in excess of its need helped create

opportunities for investing a portion of the funds, consequently limiting the decline in interest rates. In the first 7 months of the current year, the total amount of funds came to 827 million pounds.

In response to the decline in interest, the Bank of Lebanon, gradually lowered interest rates at the last issue, producing a record figure. It is worth pointing out that the issue, which was issued this month, is at 7 percent interest.

With this decline, the Bank of Lebanon in turn lowered its rate to 9 percent per year.

Adjustment of the Credit Ceiling

This 5 August the governor of the Bank of Lebanon introduced certain modifications to the credit ceiling in accordance with Directive No 251 dated 29 December 1979. It included a rise in the general specified credit ceiling from 20 to 22 percent and a rise in the percentage allotted to the industrial and tourist sectors. The directive also allowed the banks to consign the unused margin of the specified increase to the Bank Surveillance Committee.

The Bank of Lebanon approved these adjustments for the productive sectors, including the foreign trade, retaining the necessary financing, going by the amount of credit in Lebanese currency and many agencies in foreign currencies, bearing their high interest rates in currency prices. Encouraging the Bank of Lebanon in the continued attainment of an encouraging level, the fact that the exchange rate of the pound has improved, in addition to the fact that if the banks used the credit they were allowed (an impossible supposition) the current year as a whole would have exceeded 20 percent.

If the basic goal of the latest adjustments is to stimulate economic activity and guarantee the availability of locally produced or imported goods to consumers, an increase in the ceiling and mutual consignments will help the small banks which have approached the ceiling to raise their credits to a level enabling them to cover their operating expenses and perhaps enable them to expand.

It is well known that a bank's consignment of credit to other banks is subject to prior approval of the Committee, in the light of some criteria, as follows:

bank to which the margin is being consigned, the volume and type of its credits and the volume of its capital, in addition to the monetary situation in general. The consignment will be final and the bank which has made the consignment will be able to regain what it has consigned only in the event of a waiver by the beneficiary bank.

The monetary policy which the Bank of Lebanon has endorsed, which has led to noticeable positive results, makes continued coordination between the bank and financial authorities mandatory, proceeding from the importance of knowing in advance the government's needs for domestic and foreign financing, in the desire to enable the Bank of Lebanon to intervene in the currency market in a more organized manner which is more effective in maintaining the power of the exchange and maintaining a balanced volume of liquidity which will guarantee its rates in accordance with international interest rates and the volume of domestic inflation. It is no secret that coordination in the issuance of treasury bonds, from the standpoint of timing and the interest rate, remains an important factor in these circumstances in achieving harmony between the effects arising from the treasury bonds and the purchase of foreign currency and the effects of this on the volume of liquidity and the interest rates.

11487

CSO- 4882

POSTWAR ECONOMIC ACTIVITY IN NATION REVIEWED

Beirut AL-NAHAR in Arabic 16 Aug 80 p 5

/Article/ "How Have the Enterprises Which Departed the Trade Center Fared and How Are They Functioning in Their New Locations?"

/Text/ How did the Trade Center, whose economic enterprises were driven into exile by the Lebanese war, fare before the war and where have the enterprises gone? This is what a descriptive study conducted under the supervision of the General Civil Regulation Department is answering.

The study gives the area of the Trade Center as 1,418,536 square meters, of which 14,346 square meters are for al-Shuhada' Square, broken down into 1,960 plots of land with an average area of 344.5 square meters; 40 percent of these plots are less than 300 square meters in area.

There are 25,000 center inhabitants in 5,043 dwellings; of these, 9,000 in the east of the center have left and 3,195 dwellings remain with an average area of 134 square meters.

The shops number 7,092 with an area of 263,852 square meters. These provided 39,000 jobs. The offices numbered 5,597, with 148 medical clinics covered 466,563 square meters in area and had 34,000 people working in them.

Occupations and industries, 1,368 in number, had 8,000 workers and they were in their totality occupational in nature.

There were 702 warehouses with an area of 731,422 square meters.

The hotels and lodgings in the middle of the city numbered 343, including 13 luxury hotels. There were 361 restaurants, 45 bars, 49 garages and 143 mosques, churches, schools, movie houses and so forth.

Shops and Offices

Enterprises which departed, including commercial ones, differ as to the

eastern and western areas. In a study of a sampling of these shops, the following was evident:

1. The eastern area: 1.8 percent of commercial shops are kiosks, 42.9 are privately owned and 55.3 are investments.
2. The western area: 43.2 percent are kiosks, 33.3 percent are privately owned and 23.5 percent are investments.

It is also evident that 10.8 percent of the enterprises which departed started operation in their new centers (eastern and western) in 1975, 43.9 percent in 1976, and 45.3 percent in 1977.

Income

As regards daily income, that declined 5.1 times on ordinary days and 4.1 times on special holidays. The income per shop in the eastern area declined from 6,700 pounds per day in the middle of the city to 1,050 pounds per day, and for shops in the western area from 2,800 pounds to 800 pounds.

General average sales on ordinary days declined from 4,750 pounds to 925 pounds for all shops, and from 9,500 to 2,340 pounds on special holidays.

Capital of the shops in the center of the city included in the sample was 327,000 pounds when they opened; on the eve of their departure this totalled 891,000 pounds, and after their departure (1977) it was 390,000 Lebanese pounds.

Customers

The customers have also changed.

Regarding shops in the eastern area:

A. On ordinary days before the departure they were 78.5 percent Lebanese, 10.5 percent Arabs, and 11.0 percent foreigners. After the departure they became 93, zero and 7.0 percent, respectively.

B. On special holidays before the departure they were 95.5, 8.5 and 6.0 percent, and became 91.3, zero and 8.7 percent following the departure.

Regarding shops in the western area:

A. On ordinary days, before the departure they were 82.4 percent Lebanese, 11.4 percent Arabs, and 6.2 percent foreigners. They became 90.6, 7.5 and 1.9 percent following the departure.

5. On special holidays, before the departure they were 74.0 percent Lebanese, 17.3 percent Arabs, and 8.7 percent foreigners. Following the departure they became 90.6, 9.4 percent and zero.

Finally, activities which have opened temporary new centers have started to acclimatize themselves. Their number has increased by 24 percent over what it was in the center.

11887

CSO: 4802

INDUSTRIAL EXPORTS FALL IN AUGUST

Paris AN-NAHAR ARAB REPORT & MEMO in English 15 Sep 80 p 6

[Text]

Lebanese industrial exports in August which were granted certificates of origin by the Beirut Chamber of Commerce and Industry were 26.49 per cent lower in value than in July and 38.8 per cent below their June level. Exports were valued at LL134.599 million (LL150.292) compared to LL183 million in July and LL219 million in June.

This drop in Lebanese industrial exports was reflected in most major export markets. The value of exports to Saudi Arabia dropped 34 per cent, to Jordan 38.3 per cent, to Iraq 43.8 per cent. Exports to Syria, however, rose 39.94 per cent and to Kuwait 48 per cent. Lebanese industrial exports to these countries account for 87.6 per cent of total exports registered.

Exports of foodstuffs fell back from LL5.5 million in July to LL2.8 million in August, while exports of mineral water dropped from LL2.1 million in July to LL4.7 million in August. Exports of beverages dropped from LL2.1 million to LL1.5 million during the month. Exports of textiles and ready-to-wear garments dropped sharply from LL26.6 million to LL4.4 million (these had risen in July in preparation for Eid-al-Fitr and were sold mainly to Saudi Arabia). Exports of rugs and carpets also fell from LL9.1 million during the month while exports of aluminum products fell from LL11.9 million in July to LL8.1 million in August. Exports of electrical equipment were LL2.3 million below their level in July and were at LL5 million.

Exports of cement were valued at LL25.4 million, 8.5 per cent higher than in July while chemical industry products rose from LL2.5 million in July to LL4.7 million in August.

The market for Lebanese industrial exports spread to 30 countries in August. Saudi Arabia topped the list, importing 48.8 per cent of total industrial exports during the month, three points below average imports

Second was Iraq, whose imports reached LL27.5 million or 20.4 per cent of total Lebanese exports. Exports to Syria were valued at LL26 million, 15 per cent higher than in July, while exports to Kuwait amounted to LL4 million or 3.1 per cent of the total.

Lebanese Industrial Exports by Destination

Type of Exports	August 1980 Value in (LL'000s)	Destination	(in LL'000s)
Foodstuffs	2,888	Saudi Arabia	64,893
Soya Beans	2,276	Iraq	27,250
Mineral Water	4,712	Jordan	6,142
Beverages	1,510	Syria	20,514
Garments	4,433	Egypt	612
Textiles	3,318	Kuwait	4,201
Carpets and Rugs	1,075	Libya	1,480
Tanned hides (excluding shoes)	1,302	The Yemen	100
Shoes	1,802	Abu Dhabi	1,622
Wooden furniture and crafts	3,719	Bahrain	226
Chemical products	4,758	Dubai	1,208
Paints	3,755	Qatar	1,200
Pharmaceuticals	2,458	Oman	884
Paper and paper products	4,894	Sudan	62
Cardboard products	1,468	France	184
Non-mineral extracts	5,531	Italy	100
Portland cement	25,453	Britain	832

CSO: 4820

TAPLINE MODIFIES AGREEMENT WITH GOVERNMENT

Paris AN-NAJAR ARAB REPORT & MEMO in English 15 Sep 80 p 10

[Text]

The American-owned Trans Arabian Pipeline Company (Tapline) last week presented the Lebanese government with new conditions for supplying oil to the Tripoli refinery in northern Lebanon. The new conditions would amend an agreement between Tapline and the Lebanese authorities over transport from Saudi Arabia of six million barrels of crude oil during the second half of the current year.

Under the proposed amendments, the Lebanese government is expected to pay for the deliveries during the last fortnight of each supply month. A penalising monthly interest rate will go into effect in the event of delayed payments. In counterpart, Tapline will be required to bill the government during the last five days of each supply month in accordance with market prices at Ras Tannoura (Saudi Arabia), which at the moment have been set by the Saudi government at \$28 per barrel.

Furthermore, Tapline's conditions hold the Lebanese government responsible for any losses or damage to the deliveries after the transfer of the oil from the company's pipeline to a government-designated tanker in the southern Lebanese port of Zahran, whence the oil is transported to the Tripoli refinery. Moreover, the company will have no liability in additional expenses incurred by any delays in deliveries, whatever their cause, and any injuries or accidents involving the company's workers will be the government's responsibility.

Tapline's proposals also require that oil refined at the Tripoli plant only be marketed domestically, the quantity of oil delivered will be evaluated by the company, in the presence of an official representative of the Lebanese government.

Under these new terms the Tripoli refinery has already received 1.488 million bbl of oil worth \$42 million, for which the Lebanese government is required to pay by September 15. The Tripoli refinery has an annual capacity of 12 million bbl and until 1978 was supplied by the Iraqi Petroleum Company (IPC).

INVESTMENT GUARANTEE INSTITUTE IS THRIVING

Paris AN-NAHAR ARAB REPORT & MEMO in English 15 Sep 80 p 11

[Text]

Lebanon's publicly-run National Institute for the Guarantee of Investments registered a 33 per cent growth during the first half of 1980 in the number of contracts it has underwritten since the beginning of 1979. The Institute, which underwrites private industrial, commercial and philanthropic investments, now has 36 guarantee contracts worth LL75 million (LL1= \$0.292) of which 20 worth \$27.5 million were undertaken this year. Furthermore, 13 new contract projects estimated at LL476,000 are currently being considered by the agency.

All contracts signed during 1979 were renewed this year with the amounts guaranteed by the Institute at the end of August reaching LL100 million for fixed assets alone. This figure is LL26 million higher than for the previous month, July.

The agency's bill of health is further attested to by its very respectable financial position: against LL238,318 of expenditure the Institute boasted revenues of LL515,986 during the first six months of this year, a surplus of LL277,668.

Investments underwritten by the insurance body up until August 31 were mainly in the industrial and commercial sectors. LL61 million worth of industrial investments and LL35 million of commercial ones were guaranteed by the Institute. The remaining LL4 million investment guarantees went to health services.

The National Institute for the Guarantee of Investments, though modest, is one of the less elusive governmental efforts towards more stable economic development in Lebanon. The Institute was created in the aftermath of the 1975-76 war to help reactivate the economy within the government's general, and as yet largely unimplemented, reconstruction and development plan. Its contracts run for between one and 10 years at an annual premium not exceeding 2 per mil. In the words of its director, the Institute's guarantees can be considered to be free of charge.

INCREASE IN EXPORT EARNINGS REPORTED

Paris AN-NAHAR ARAB REPORT & MEMO in English 22 Sep 80 pp 5, 6

[Text]

Lebanon's export earnings in the first half of this year have been estimated at LL 1 767 billion, a 48 per cent increase over the similar period of 1979. According to a report recently released by the Beirut Chamber of Commerce and Industry, this estimate is based upon the assumption that between 65 and 70 per cent of total Lebanese exports are registered with the Chamber. In the first half of this year earnings of registered exports came to LL 1 148 billion.

Inflation, in the form of price rises in raw materials and higher insurance rates and overheads, is thought to account for 15 per cent of the increase in first half export earnings. In 1979 prices, the value of Lebanese exports during the first six months of this year went up by 29 per cent compared to the similar period last year, when export earnings were worth LL 1.193 billion.

Lebanese exports by destination
(in LL'000s)

Destination	1st half '80	% of total	1st half '79	% of total
Saudi Arabia	485,763	42.3	323,193	41.7
Iraq	271,565	23.6	104,371	13.4
Syria	100,723	8.7	96,157	12.4
Jordan	53,943	4.7	58,463	7.5
Kuwait	50,539	4.4	29,739	3.9
UAE	46,139	4.0	25,893	3.4
Egypt	19,723	1.7	41,725	5.4
Europe	38,590	3.4	21,887	2.8
EEC	29,637	2.6	14,494	1.8
Others	21,227	1.8	4,705	0.6
Totals	1,148,965	100.0	775,303	100.0

Source: Beirut Chamber of Commerce and Industry

Note: Percentage figures do not add up to 100 due to rounding.

Even though export earnings went up from LL 209 million in January to LL 406 million in June of this year, much of the increase is attributable to non-productive factors such as higher costs and the vicissitudes of the Lebanese pound. Since figures available are only partial and because much illicit trade goes on through Lebanon's post-war "parallel economy," the interpretation and significance of the present data is at best tentative.

In the first six months of this year 28.9 per cent of export earnings came from construction-related materials. Of these, aluminium and other metal products were worth LL 148.3 million, while non-metal mined products, such as cement, brought in LL 135.5 million. Chemicals accounted for 12.7 per cent of total export earnings, with sales of LL 146.1 million this year against LL 124 million in 1979. Textiles exported were worth

Lebanese Industrial Exports by Sector

Sector	First half, 1980		First half, 1979		% difference
	(in LL'000)	(% of total)	(in LL'000)	(% of total)	
Livestock and meat products	5,169	0.4	3,679	0.4	41.0
Vegetable products	47,221	4.1	48,270	6.2	-2.0
Oils and fats	18,703	1.6	4,175	0.5	357.0
Foodstuffs and beverages	84,313	7.3	60,668	7.8	39.0
Mineral products	135,503	11.7	81,872	10.5	65.6
Chemicals	146,137	12.7	124,293	16.0	17.7
Synthetics and rubber	41,601	3.6	24,948	3.1	67.0
Leather products	7,432	0.6	9,610	1.2	-73.0
Wood and wood products	9,328	0.8	5,526	0.7	68.2
Paper and paper products	58,777	5.1	47,968	6.1	23.5
Textiles	154,419	13.4	83,792	10.8	84.5
Shoes, rainwear and scarves	21,643	1.8	10,924	1.4	98.0
Stone, cement & glass products	52,202	4.5	45,016	5.8	16.0
Precious & semi-precious minerals and jewelry	37,995	3.2	16,410	2.1	131.0
Ordinary metal products	140,884	12.5	140,730	18.1	2.0
Electrical equipment	129,915	11.3	50,351	6.4	158.0
Transport equipment	29,631	2.5	7,768	0.9	284.0
Optical equipment	9,347	0.8	304	-	-
Arms and munitions	45	-	-	-	-
Other manufactures	15,791	1.3	9,042	1.1	74.0
Art works and antiques	-	-	131	-	-
Totals	1,148,965	100.0	775,303	100.0	48.0

LL 154.4 million in 1980 against LL 83.7 million in the first six months of last year. Electrical equipment and machinery reached LL 129.9 million, representing 11.3 per cent of total export earnings for the first half of 1980; this compares with LL 50.3 million in the same period of 1979. Exports of foodstuffs and beverages registered a 39 per cent rise in value, going from LL 60.6 million in the first half of 1979 to LL 84.3 million in the corresponding period of this year. Notable exceptions to these increases were the 73 per cent fall in value of exported leather goods (apart from shoes) over the periods under review, and the 2 per cent drop in value of exported leather goods.

The destination of Lebanese exports remains unchanged since the 1975-76 war, when the Arab world was importing more than 90 per cent of Lebanon's exports. Before that time Arab countries had represented only 66 per cent of Lebanon's foreign market. Saudi Arabia, which has consistently been Lebanon's single largest export market in the last few years, has again increased its share this year, taking 42 per cent of exports in the first half of 1980 against 38 per cent in the corresponding period of last year. Iraq has been in second position since 1979, with its imports going from LL 83 million in the first half of 1978 to LL 271 million this year, but Jordan's share of Lebanese exports has dropped dramatically. Jordan's imports from Lebanon have fallen from LL 119 million in 1978 to LL 54 million this year, for the periods under review.

Lebanon's exports are thought to make up 40 per cent of total domestic production.

CSO: 4820

BEIRUT'S PROSPECTS AS A BASE FOR BUSINESSMEN EXAMINED

Paris AN-NAHAR ARAB REPORT & MEMO in English 29 Sep 80 pp 4, 5

[Text]

The following survey on the prospects for a return by Beirut to its once pre-eminent place as a regional centre for foreign businessmen was written for *An-Nahar Arab Report & MEMO* by Dr Paul Huygelen, a consultant on development:

Just spend an hour or two in the Beirut branch office of one of New York's leading stockbroking firms: telephones ringing every 30 seconds and the bustle reminiscent of Wall Street and Hong Kong make one realise that Beirut, after five years of turmoil and psychological uncertainty, is not the shipwreck, rudderlessly adrift, which political commentators often associate with Lebanon.

The business community, the banking sector, insurance and real estate brokers, and many a progressive industrialist are all flourishing; this is the inevitable observation today of foreign visitors. One of them, an American banker, recently inquired: "Where is this civil war we keep on hearing about?"

Yet a survey last week of representatives of European, American, and Japanese business firms revealed - if revealing indeed was necessary - that many head offices remain sceptical about the viability of Beirut in 1980 as a regional centre in spite of the fact that the basic communications media of the international businessman - telex, international telephone, and airport facilities - are more efficient today in Beirut than at any time prior to 1975; the postal service is not functioning any worse than in 1975 and, with respect to the Arab countries, possibly better than in years gone by; moreover, personalised courier services abound. Banking facilities remain proverbial and second to none, including those available to "offshore" companies in Amman, Nicosia, and Athens.

What is missing is not confidence, for the resident vice presidents and expatriate managers do have the confidence of their respective headquarters. What is missing for those companies "sitting it out" elsewhere is the green light from the State Department in Washington, DC. It is there that the red light was switched on in 1974 which led to the sudden mass exodus of Japanese firms, etc. in the wake of the Bechtels, etc. The situation is broadly speaking comparable to the case of Egypt in the early 1950s and probably in due course, *mutatis mutandis*, to the green light that signaled the American businessman's invasion of Cairo in 1978/79. This attitude is less prevalent with European companies whose head offices seem less imbued with the civil service attitudes of large American corporations; maybe, as a legacy of their colonial traditions, European companies have retained abroad a tinge of their entrepreneurial past.

Some 400 American business concerns with regional offices in Beirut were listed in the 1974/75 edition of the US embassy's directory of such establishments. Today's embassy listing comprises about 90 companies, a quarter of which are managed by American citizens (several of Lebanese origin). Most of them are no longer entrusted, as control offices, with regional coverage of the Middle East, but instead deal basically with the local Lebanese market. This localisation of interests also applies to most other nationalities, though one Japanese company happens to have retained Cyprus as part of its territory. There are a few exceptions, however, such as Lockheed Aircraft, Uniroyal, SNAP-ON Tools, System Development Corporation, Hoechst and maybe others, who provide area-wide services or cover at any rate the Near East from their Beirut liaison office.

Athens, which was but a backwater five years ago from which to cover the Near and Middle East, now boasts the continued presence of scores of foreign companies including over two hundred American firms thanks to the extraterritoriality provided them as regards all taxes and fees "present and future" by Greek Law No. 89/1967. Jordan in 1975, inspired by the Greek initiative, passed its law No. 46, and Cyprus amended their income tax statutes in 1976 to attract in a similar fashion overseas entities interested in establishing offshore companies. Even more so than the political green light, this triple cordon is what is sterilising Beirut's opportunity to regain a front seat in the international business arena.

By the mid-1970s foreign headquarters viewed each overseas operation as a profit centre to assess performance; hence invoicing became a means to attain that assessment. The ability of an offshore company in Amman, Nicosia or Athens to invoice customers abroad without incurring local tax liabilities is a major incentive to maintain their presence there. With the exception of a

handful of cases, the foreign entities that remain in Beirut are those with purely local market interests, including commercial banks, which had no choice but to stay, and banking organisations providing management expertise under contract to Lebanese banks.

Tapping labour market

Others, such as McDermott International, maintain a presence here to tap the expert Lebanese and Palestinian labour market to provide skilled workers such as welders, etc. for the construction of oil and gas drilling platforms in the Gulf area. By serving the Gulf countries, these men also provide sizeable bank transfers to their families in Lebanon.

What is sometimes not realised or often forgotten is that by 1975 expansion of foreign companies was no longer possible or realistic in Beirut. Until October 1973, most of the regional offices in Beirut covered the geographical "left-overs" stretching irregularly from Nepal or Ceylon for some, to Malawi or Morocco for others. In 1973 and 1974 Middle East managers became the "blue-eyed boys" at boardroom meetings in Europe and America: new offices were set up in Tehran, companies were registered in Sharjah, satellite branches were planned elsewhere in the Middle East and equipment manufacturers seconded technicians to their distributors in Saudi Arabia rather than have them travel from Beirut. Baghdad, Abu Dhabi, Jeddah became separate operations for a leading German company whereas Amman, Dubai and Riyadh attracted an American company that used to have 190 employees in Beirut and now limits itself to the local market with a total workforce of 32, none of them Americans. Apart from transferring its regional office to Cairo, as a result of the turmoil in Beirut, in 1975 and 1976, a major Japanese firm opened offices in Damascus and Amman as well as others in the Gulf Emirates. Most British firms leaned towards the Gulf as a result of historical factors.

What was changing in the mid-1970s was not Lebanon but the whole Middle East itself, to the extent that last week the manager of a major American company in Beirut stated "nobody is asking the question any more" as to whether companies' regional operations will return to Beirut; it is an outdated concept for many. The split-up was not caused by what happened in 1975-76 as the manager of a West European manufacturer commented: "it just gave it a push."

Other ideas try to take root

Other management concepts were trying to take root with some companies, for instance product line organisation versus regional organisation. The war in Lebanon activated the implementation of this concept, sometimes on a trial basis, whereby sales engineers travel from and report directly to the actual fabricating or manufacturing plants. In some instances this resulted in duplication, friction or inefficiency as if a symphony orchestra had to perform without a conductor. As one manager commented last week: "Our greatest handicap in doing business in the Middle East is American legislation," notably the anti-boycott regulations, the Foreign Corrupt Practices Act and antitrust laws. Hence, for some, the de-regionalisation of management introduced additional worries that inhibit sales personnel's motivations. For those companies that pulled out of Beirut into non-Arab centres (as distinct from those that went to Amman, Bahrain, Cairo, etc) these problems loom larger because of the lack of daily exposure to the Middle East business climate.

In the past Beirut was a stepping stone into the Middle East. The validity of this concept is awakening again amongst American and European companies that have had no presence hitherto in the Middle East. A major American producer of agricultural chemicals is at present contemplating opening a small office for regional control and service in West Beirut. (The non-existence of high class hotels in East Beirut is a factor that strikes every foreign visitor, who does not want to be driven all the way to Beit Meri for a night's sleep.) An interesting factor in this case, and in other instances that have been analysed here, is that when the American company's decision-maker is a European (say a British director of personnel in Britain or a Swiss Vice President/Marketing in Geneva) Beirut's advantages at the cross-roads of East and West are realised and acted upon. When the decision-maker sits in the US, negative newspaper headlines or a telephone conversation with a cautious counselor in Washington seem to rule the day.

Those foreign companies that are in Beirut and are reduced to the local market's opportunities had to adjust their eyesight at first. "We have to go after the small fish," said one executive, "instead of the major Saudi contracts" now handled from Nicosia. But the company's sales within Lebanon are six times as much as what they used to be before the 1975/76 turmoil. Another company's manager concluded: "We are participating in the

Beirut boom, but not equally with all our product lines." The failure of some product lines is apparently due to the sizeable quantities of smuggled goods entering the country so that local entries are unable to compete over prices.

It is clear that the attitudes of foreign companies lie on three planes: those that by now have a well-established market in the Middle East and feel they can bypass the Beirut stepping stone, those that concentrate on the local market, and those interested in opening up the Middle East market for themselves via Beirut. The largest single concentration of the first group insofar as products are concerned are the foreign companies offering offshore equipment and services for whom, in pre-1975 days, Beirut's Phoenicia Hotel was the greatest pumping station in the information and public relations pipelines that linked the Arabian Gulf to Europe and the US. For the third group, the concept of "offshore" extraterritoriality will have to be espoused by the Lebanese authorities to provide advantages at least equal to those provided by Amman, Nicosia, and Athens for regional operations. This third group will be encouraged to know that an important initiative was undertaken recently when a group of some 30 locally established businessmen, all branch offices of German, American, and British corporations or banks, helped to constitute, following Ministry of the Interior approval, the Beirut Business Forum with the express intent of providing unbiased information, up-to-date intelligence, practical counsel and personalised assistance to companies of any nationality regarding the true opportunities in Beirut today.

CSO: 4820

DEMANDS OF CIVIL AVIATION TECHNICIANS MET

Beirut AL-SAFIR in Arabic 17 Jul 80 p 6

[Article: "Cabinet Rectifies Conditions of Airport Technicians and Gives 50 Percent Pay Increase to Firemen"]

[Text] Yesterday [16 July], the cabinet approved a bill to rectify the conditions of employees of the General Civil Aviation Administration. The cabinet decided to increase the vitality and pressure allowance from 20 to 40 percent of the basic salary for all technical employees of the administration.

The cabinet also decided to give an allowance for responsibility for civil aviation safety, amounting to 10 percent of the basic salary, to all personnel having the rank of technician and above. It also decided to give airport firemen a pay increase of 50 percent of the basic salary, which will put them on an equal footing with firemen of the city of Beirut.

The cabinet decided to authorize reorganization of the General Civil Aviation Administration, to codify all related laws, and to prepare a set of regulations for the firemen of the General Civil Aviation Administration, similar to that of the firemen of the city of Beirut.

These demands were met by the cabinet on the basis of the agreement which was reached on 13 July between the minister of public works, Butrus Harb, and the follow-up committee representing the technical employees of the General Civil Aviation Administration. The text of the bill approved by the cabinet, to be referred to parliament for enactment, follows.

Article one:

1. The technical employees of the General Civil Aviation Administration will be given a monthly allowance called "vitality and work pressure," equivalent to 40 instead of 20 percent [of the basic salary] awarded under law No 26 dated 11 November 1973. Employees holding positions mentioned in sections A, C and D of article three of this law are excluded.

2. Technical employees of the General Civil Aviation Administration holding the rank of technician (Step 2, Grade 4) and higher will be given a monthly allowance called "allowance for responsibility for aviation safety," equivalent to 10 percent of basic salary.

Article two:

Contrary to any other text, promotions are allowed to the rank of technician or senior technician in Grade 4 in all technical departments of the General Civil Aviation Administration, within the maximum number allowed. The number of employees holding the rank of assistant technician, technician and senior technician in Grade 4 in each department, should not exceed the total number allowed for this particular category in table one appended to decree number 1610 dated 26 July 1971. The candidate for such a promotion should meet all appointment conditions defined for the job to which he is promoted.

Article three:

1. Firemen of the General Civil Aviation Administration will have a special work schedule of 24 hours of duty followed by a 48-hour rest period. They will receive in return compensation equal to 50 percent of their base salary.

2. In extreme circumstances and within defined time limits, the government can, according to the next article, put firemen on duty for 24 hours followed by a 24-hour rest period. However, these particular firemen will receive payment for the additional working hours entailed by such a schedule.

Article four:

The additional compensation provided for in article one, item 1 and article 3, item 1, of this bill are not taken into account with regard to the ceiling put on employee compensation as stated in the law promulgated by decree number 3732 dated 3 February 1972.

Article 5:

The government may through decrees adopted by the cabinets following approval by the Civil Service Commission, within a period of 1 year from the date this law goes into effect:

1. Reorganize the General Civil Aviation Administration, amend its tables of organization and hiring practices, and modify grades and salary scales and allowance established for it.

2. Establish a special system for the firemen of the General Civil Aviation Administration similar to that of the firemen of the city of Beirut. This

does not apply to their rights with regard to discharge from service or retirement.

Article 6:

Article 4 of law No 26 dated 29 November 1973 as well as all provisions contrary to the provisions of this law are hereby canceled.

Article 7:

With the exception of articles 1 and 3 which went into effect on 1 July 1980, this law will go into effect as soon as it is published in the official gazette.

Regulating Working Hours

The cabinet also approved the following draft decree regulating working hours for technical employees, administrative employees, general attendants and firemen as follows:

Article 1:

Article 1 of decree No 5036 dated 13 July 1966 is amended as follows:

The weekly number of working hours for the employees of the General Civil Aviation Administration whose department regulations require them to work continuously, are set as follows:

- a. 32 hours for permanent technical and administrative employees, except for general attendants, drivers, guards and firemen.
- b. 38 hours for permanent general attendants, guards and drivers.
- c. 48 hours for working firemen.

Article 2:

This decree will be published when needed.

The cabinet issued another decree setting the [additional] compensation for each hour of night work for employees of the General Civil Aviation Administration at 1 over 150 [monthly] wages in the public sector.

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CSO: 4802

LEBANESE COMMERCIAL FLEET CONSISTS OF SMALL, OLD SHIPS

Beirut AL-NAHAR in Arabic 19 Jul 80 p 5

[Articles: "The Lebanese Commercial Fleet in 1979; 209 Ships with a Capacity of 298,000 Tons; Complaints Concerning the Small Size and Old Age of These Ships"]

[Text] The number of ships registered with the Association of Lebanese Shipowners reached 209 in 1979, compared to 142 ships in 1978--an increase of 47.2 percent.

Total goods carried by this commercial fleet in 1979 was 411,608 tons. The fleet unloaded 240,763 tons of goods at the seaport of Beirut out of a total unloaded cargo of 2,001,968 million tons, or 12 percent. The fleet carried 57,375 tons out of 220,871 tons leaving the seaport of Beirut, or 25 percent.

The annual report prepared by the president of the Association of Lebanese Shipowners, Mr. 'Anwar Ghazzawi, says that the increase in the number of ships registered with the association during the year 1979 consisted mainly of small ships whose capacity does not exceed 1,500 tons each.

Size and Age of the Ships

The report says that the modest contribution of the fleet to shipping operations from and to the seaport of Beirut is due to two reasons: the small size of the ships and their old age. The classification of ships registered with the association (209) shows that 49 percent of them have a capacity of less than 1,000 tons, and that 15.7 percent have a capacity ranging from 1,000 to 1,500 tons. The following table shows the distribution of the fleet according to capacity:

<u>Capacity in Tons</u>	<u>Number of Ships Registered with the Society</u>	<u>Percentage</u>
from 100 to 500	19	9
from 500 to 1,000	82	40
from 1,000 to 1,500	33	15.7
from 1,500 to 2,000	15	7.1
from 2,000 to 2,500	7	3.3
from 2,500 to 3,000	8	3.7
from 3,000 to 3,500	10	4.7
from 3,500 to 4,000	3	1.4
from 4,000 to 5,000	10	4.7
from 5,000 to 7,500	16	7.6
from 7,500 to 10,000	<u>6</u>	<u>2.8</u>
	209	100.0

The report mentions that the age of these ships is as follows: 23 percent older than 25 years, 43 percent between 20 and 25 years old and 20 percent between 15 and 20 years old.

The report adds that the fleet is experiencing a shortage of spare parts due to the change in ship technology. This is a matter seriously taken into consideration by insurance companies. The report notes that there should be serious efforts to modernize this fleet.

The following table shows the distribution of the fleet by the age of its ships:

<u>Age of the Ships</u>	<u>Number on 31 Dec 79</u>	<u>Percentage</u>
from 1 to 5 years	2	.1
from 5 to 10 years	5	2.5
from 10 to 15 years	19	.9
from 15 to 20 years	43	20.5
from 20 to 25 years	91	43.5
older than 25 years	<u>49</u>	<u>23.5</u>
	209	100.0

Fuel

The report shows that the average monthly consumption of fuel by the Lebanese commercial fleet reached a total of 4.5 million liters of gas oil and 1.6 million liters of fuel oil during the last third of 1979.

The report expects the average monthly consumption of fuel during the current year to increase by 20 percent, reaching 65 million liters of gas oil and 23 million liters of fuel oil.

It is known that the Lebanese ships, in spite of the fuel price increases during the past year, benefit from special price subsidies which do not apply to foreign ships. Lebanese ships receive every 1,000 liters of gas oil for 300 Lebanese pounds and every 1,000 liters of fuel oil for 425 Lebanese pounds.

The association is very active in several areas for the purpose of developing the Lebanese commercial fleet by means of training people and acquiring technical and financial assistance from the international specialized organizations. The association is also very active in seeking international agreements and treaties which will help increase transportation shares of national fleets.

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SAUDI FOREIGN MINISTER INTERVIEWED BY AUSTRIAN DAILY

AU190741 Vienna KURIER in German 18 Sep 80 p 3

[Heinz Nussbaumer interview with Prince Sa'ud al-Faysal, Minister of Foreign Affairs of Saudi Arabia, during the OPEC conference held in Vienna--date not given]

[Text] It was a quiet anniversary: 2 years ago yesterday since Egypt and Israel laid the foundations for their separate peace at Camp David, the breakthrough for a total settlement of the Middle East conflict, however, has not been achieved since then. The oil kingdom of Saudi Arabia, however, acted as a silent bridge, preventing the total severance of relations between the Arabs and al-Sadat's Egypt. Taking the opportunity of the OPEC conference, our KURIER reporter Heinz Nussbaumer spoke with Prince Sa'ud al-Faysal, the minister of foreign affairs of Saudi Arabia.

Statement About al-Sadat

"We used to support him without reserve when he was aiming at peace within the framework of Arab solidarity, when he deviated from this principle, we said we were going to wait and see what he was capable of achieving alone by himself. Actually, we know that Israel does not wish true peace, but only the splitting of the Arab world. We have nothing against President al-Sadat personally, as an individual and a political leader, however, he abandoned the path of joint actions and is now pursuing a trend where we cannot follow him."

Statement About the "Holy War"

"In this connection there is a great confusion of terms. The so-called "Holy War" is supposed to be something like the crusades of the Christians, the church's calling for war against the heathens, but this is not what Saudi Arabia has in mind, the so-called "Jihad" is something quite different. It is a cry of despair for protection of the basic living interests of a nation; it is the joint effort of the Islamic community to alleviate misery and to protect ourselves against the disaster which Israel has inflicted upon us, there is nothing aggressive about it."

Statement About Jerusalem

"If Israel was truly looking for a place of refuge after the holocaust, as the Israelis always claim, then it should have first of all tried to win the understanding the good will of the Arab people of Palestine, instead of continuing the tragedy on the other side.

We were ready for peace in the long run--despite occupation, despite expulsion. There are proofs for this. The reply, however, was new expansion, finally in Jerusalem. How can the capital of three world religions, the most sacred site, become the capital of only one, aggressive, religious state? The only solution is: To give East Jerusalem back to Arab sovereignty, all other solutions about which there are so many discussions can be nothing but "made-up" solutions without any real substance. Why should the flag of Saudi Arabia, for example, have over the sacred sites of Islam in Jerusalem, as some people suggest? This city does not belong to us! Jerusalem is not a commercial good that can be bought and sold."

Statement About the PLO

"The Palestinians do not wish to destroy Israel. They have very often stated what they really want--and what they have a right to claim: to go back to their own homeland and to enjoy real peace, there is only one country in the Middle East that wishes to liquidate someone else. This country is Israel! The Palestinians have to disappear, whether they should be in Jordan, Lebanon or far away in Nepal--the Israelis will never cease persecuting them, all this talk about Israel recognizing the PLO is without any meaning--the Palestinians are no state, they are a problem, the living symbol of unfilled rights."

Statement About Islam

"Islam--this is a term used by the western media. Islam has always been strong, but as long as the East was occupied and exploited no one cared about it. The West has been considering us with prejudice for many generations. Whoever follows the reports about Iran can feel the danger of new prejudices."

Statement About Relations Between Iran and Iraq

"As Islamic brothers and neighbors we are deeply interested in a prompt improvement of these relations. However, Saudi Arabia is not playing the role of intermediary in these controversies."

Statement About the Future

"As long as the world proves incapable of exerting control over the actions of Israel there is no light at the end of the tunnel. Israel is pushing us toward a new drama."

TUNISIA

POLITICAL BUREAU TO STUDY SPECIAL CONGRESS OF PSD

Tunis LA PRESSE DE TUNISIE in French 11 Sep 80 p 1

[Article: The Political Bureau Examines the Question of PSD Special Congress: The Secretaries General of the Party Constituency Will Not Be Candidates for the Next Coordination Committees"]

[Text] The PSD [Destourian Socialist Party] Political Bureau held its regular meeting under the chairmanship of Prime Minister Mohamed Mzali, the secretary general of the party.

At the beginning of the meeting, the Political Bureau examined questions concerning Tunisia's relations with certain fraternal countries. In this connection, the results of the secretary general and prime minister's visit to Algeria were discussed in the light of a report on this subject by Mohamed Mzali.

The Political Bureau was delighted with the brotherly atmosphere in which this visit took place and reviewed with satisfaction the promising prospects for cooperation between the two countries in all fields.

Briss Guiga then reported the results of his recent visit to Saudi Arabia.

Examining questions concerning political life, the Political Bureau discussed the upcoming special party congress which the president of the PSD, the Supreme Soldier President Bourguiba recommended convening.

After this, Mongi Kooli, the director of the party, informed the Political Bureau about the functioning of the party's structures.

Concerning the coming meetings of the Coordination Committees and in compliance with the rule on alternating responsibilities with a view to having the greatest possible number of militants participate in party activities, the Political Bureau decided that the secretaries general of the party constituency will not be candidates for the next coordination committee.

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CSO: 4400

TUNISIA

MINISTER FAVORS STUDENT UNION

Tunis LA PRESSE DE TUNISIE in French 6 Sep 80 p 5

[Article: "Favoring the Emergence of a Legitimate, Representative Student Organization: Belhaj Amor Closes the Regional Student Conference in Beja"]

[Text] On Thursday evening in Beja, Moncef Belhaj Amor, minister delegate attached to the prime minister in charge of public office and administrative reform, presided over the closing of the regional students' conference in the presence of the governor and the secretary general of the party coordination committee.

The participants were supposed to have raised several questions concerning university affairs, the next UGET [General Union of Tunisian Students] congress and the future of this organization. They also brought up certain problems arising on the regional level, the objectives of administrative reform and support for the Palestinian resistance.

In response to these speeches, Moncef Belhaj Amor first put forward the importance of dialog as the foundation of government and party policy.

In order to be fruitful, he said, dialog requires a good knowledge of the facts and the creation of a favorable climate by cleaning up political life and setting up structures representative of all social strata, especially youth.

Cleaning up the political climate, he added, can only help to meet the challenges of development and to accelerate the triumphal march of the country despite interference from foreign tensions.

In this regard, Belhaj Amor stressed the necessity of promoting the emergence of a legitimate and representative student organization capable

not only of helping students resolve their daily problems but also of giving them an appropriate framework within which they could express themselves freely and make their concerns known.

In any case, Belhaj Amor further said, dialog cannot be considered a short-lived fashion but rather a permanent practice started by the Bourguiba regime. Moreover, it is important to deepen this dialog still further and to involve all Tunisians in it indiscriminately.

The minister also said that everything possible will be done to give youth the means to blossom and to view the future with optimism.

Next in discussing the question of university selection and guidance, Belhaj Amor pointed out that this process had been made necessary by the country's needs for personnel, the capacity of the employment market and the potentialities of the university. He clearly indicated, however, that selection and guidance does not mean neglect of the student's inclinations and intellectual abilities.

With respect to the decentralization of the student residential blocks, the minister indicated that this choice is in keeping with the more general pattern of university and administrative decentralization, emphasizing that this question will receive special attention.

In another connection Belhaj Amor said that the government lavishes constant concern on Tunisian students abroad, recalling that the number of these students is declining from year to year because of the rapid evolution of the Tunisian university which will henceforth include all branches of instruction.

With respect to the next UGET congress, Belhaj Amor pointed out that this question essentially concerns the students themselves and that the government's role in this regard will be limited to helping find the best possible formula which will make it possible to overcome this problem.

The government, he said, has the firm political will to guarantee the autonomy of this organization which will have complete freedom to choose its own path, something which will make it a valuable and credible interlocutor.

In another connection, Belhaj Amor declared that Tunisia is on the verge of a new challenge-filled decade of development which requires the mobilization of all the country's vital forces, considering the determinant stake which it constitutes. He indicated that creating the maximum number of jobs and channeling the energies of Tunisian youth will figure among the principal concerns during this decade. The same holds true, he added, for the socioeconomic promotion of the areas of the interior where all conditions for a dignified and prosperous life will have to be created.

In this connection, he called on youth to display self-sacrifice by participating actively in this exciting work and by contributing to the success of the large rural development projects.

Finally mentioning administrative reform, the minister indicated that this reform will essentially take the form of a grant of extensive prerogatives to the administrative structures in the regions with a view to efficiency and speed.

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ALGERIAN-TUNISIAN-ITALIAN GAS LINE START-UP SCHEDULED IN 1981

Tunis LA PRESSE DE TUNISIE in French 6 Sep 80 p 2

[Article: "Algerian-Tunisian-Italian Gas Line: Entry Into Service Scheduled for 1981"]

[Text] In an article entitled "Algerian-Italian Gas Line: A Beneficial Development for Tunisia" which appeared in LA PRESSE of 24 February 1980, we mentioned, rather briefly, the impact of this large project on the Tunisian economy.

In the present article we intend to emphasize the fundamentally technical side of this project, placing it in time and consequently in space.

How Do Matters Stand With the Work?

To tell the truth, the gas line has a thoroughly exciting history all its own, of which the public at large is apparently unaware.

An event marked an epoch in this history: on the night of 24 April the Italian Costare-6 rig placed the final part of the first pipe of the gas line which will supply Europe with natural gas from Algeria. During the 130 days of work which followed, it proceeded to lay pipes 60 cm in diameter in the sea at a maximum depth of 608 meters.

The pipe was laid, of course, in the Mediterranean, more precisely between Cap Bon and the Sicilian port called Mazaro Del-Vallo.

All things considered, the amount of steel used until very recently is of the order of 156,000 tons. Most of this amount was used in the form of pipes.

It should be pointed out that all the pipes were manufactured in workshops specially created for this purpose in Cap Bon. These materials are periodically unloaded in the port of Bizerte.

End of Work: 1981

From the studies conducted it appears that the laying of the "nest" of pipes will be completed during 1981.

The caliber used effectively makes it possible for 4 billion cubic meters to flow from the Hassi Rmel gas field bound for Europe via Tunisia.

Once in Italy, the Algerian gas will proceed towards certain other countries of Europe (especially the FRG) after having passed through "distributors" located in Bologna (Italy). The pipes will be hermetically sealed beforehand and then subjected to an anticorrosive treatment which will prevent premature deterioration.

As of this writing, the persons responsible for this large project are predicting an appreciable increase in gas flow. As a matter of fact, this increase will not take place until 1983, the date when a suitable distribution system will be put into service in Europe. According to the least optimistic estimates the amount of gas will consequently go from 4 billion to not less than 10 billion cubic meters. In all likelihood, this amount will increase in 1983 to 12.3 billion cubic meters.

It will be remembered that this project was the result of an agreement between the Italian National Company (ENI [Italian Hydrocarbons Agency]) and the Algerian Company (SONATRACH).

The validity of the contract has been set at 25 years. According to the two contracting parties this duration is fully sufficient to amortize the enormous costs of the project (or \$2.5 billion). The 152 km long section placed in the sea alone costs \$250 million.

The impact of this project on the Tunisian economy occurs at two levels which are quite distinct from each other:

First, the Tunisian manpower required for the construction of this project (limited impact in time, since it will end with the completion of the work).

Second, the right of passage assigned to each cubic meter of Algerian gas in transit across Tunisia (an impact as lasting as the gas itself).

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TUNISIA

TUNIS-TURKI HIGHWAY TO BE OPERATIONAL IN OCTOBER

Tunis LA PRESSE DE TUNISIE in French 6 Sep 80 p 2

[Article: "Tunis-Turki Highway Will Be Operational in October"]

[Text] GP 1 constitutes the backbone of the country's road system. In fact, the latter connects the entire Tunis littoral to the extreme south of Tunisia, and all or practically all the roads of the interior converge on it. This privileged position and this preeminence of GP 1 explains the intensity of the traffic which it carries daily. The ever growing number of vehicles in transit over it also explains the freeway beginning given years ago to the southern exit from Tunis.

After the planning of this southern exit and the construction of the freeway section to Ezzahra, the construction work of the Mornag-Turki section is nearly completed.

Scheduled for the end of the current month, the official opening of the new freeway will take place in early 1981. This delay is essentially due to the difficulties resulting from expropriations operations on one hand and related to the terrain itself on the other. In fact, regarding the second point it should be noted that certain sections have required drainage in view of the existence of subterranean pools of water.

The new segment of the Tunis-Turki freeway will be 32 km long. The two roadways will each have two 3.5-meter lanes (7 meters in total width). As for the median strip, it will be 12 meters wide and will allow future enlargement of the freeway if necessary. The total cost of this new freeway section has risen to 15,000,000 dinars; its realization has necessitated the building of construction works at each kilometer, or a total of 16 bridges and adaptations.

In order to avoid the difficulty which heavy-weight traffic, which is authorized on this highway, could present, lanes for these heavy vehicles have been planned on certain sections as a compromise. These heavy-weight roads will facilitate the flow of other, lighter vehicles to Khanguet, for example. The authorized speed, will be 100-120 km/hour for the 12,000

vehicles which will use this new road. In order not to isolate citizens living near the new freeway, access roads have been planned. Running alongside the road, they feed into the nearest overpass and make it possible for the residents to avoid crossing the speedway lanes. The former secondary roads and highways have all been completely repaired.

While the official opening of the new freeway is scheduled for 1981, its actual opening will take place in October. Many motorists are already using it frequently despite its uncompleted side.

It should be pointed out that this unofficial opening will take place in October. The road signs will not be completely installed, however.

This new freeway, which will be completely ready in 1981 (traffic lights at the entrance, road signs) will enable southbound motorists to avoid the busy GP for a distance of approximately 40 km.

Once this new stage of the southern freeway is completed, it is very likely that the next will be the Turki-Hammamet section or approximately 20 km. The utility of this project is indisputable, and GP 1 users are the first to benefit from this new freeway and the advantages it offers. In fact, by facilitating traffic on this neuralgic north-south axis, it is opening the entire Cap Bon tourist area and facilitating access to it.

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CSO: 4400

FEDERAL LAW ON MINISTRIES, MINISTERS

Abu Dhabi EMIRATES NEWS in English 28 Sep 80 p 3

[Text]

Duba, Sept. 27 (Ithad) Electricity and Water Ministry today received from the Ministry of State for the Supreme Council Affairs a copy of Federal law No 12 of 1980 amending some articles of the Federal law No 1 of 1972 on the jurisdiction of Ministries and Ministers.

The Federal law on these amendments was approved by the Supreme Council and issued by His Highness the president of the State.

According to this law, the prerogatives of the Electricity and Water Ministry will include among other things, the following:

- Proposing the general plan on the production and distribution of electricity and water in accordance with the scientific development and in a way which attains the objectives of socio-economic development plans.

- Collecting and analysing data on electric power in the country according to the articles of the law No 9 of 1974 on the organisation of statistics and census in the state.

- Making all the arrangements to regulate the development of underground and surface water sources.

- Guaranteeing the continuity of water sources and finding new sources to support the present ones.

- Setting up plans and programs on the training of national cadres working in the field of water and electricity in the State.

- Executing all power and water projects and allied works within the limit of the funds allocated in the Federal budget.

- Administering, operating and maintaining power and water stations.

- Providing spare parts and the required materials for the operation and the maintenance of electricity units and electricity and water stations and networks and their connections and extensions.

- Other jurisdictions entrusted to the Ministry by a law or rules.

The new law will be put into effect on the date of its publication in the official gazette.

DECREES ISSUED ON EDUCATION, AUSTRALIAN ACCORD, INSURANCE

Abu Dhabi EMIRATES NEWS in English 4 Oct 80 p 1

[Text]

Abu Dhabi, Oct. 3 (WAM): His Highness President Sheikh Zayed bin Sultan Al Nahyan has issued three federal decrees.

The first decree granted approval for the UAE-Australian accord on economic, commercial and technological cooperation, the second approved an accord for the recognition of educational studies, educational certificates and degrees in the Arab world and the third approved the establishment of the Arab Insurance Group whose founding members are Kuwait, Libya and Saudi Arabia.

The Arab Insurance Group was established on April 19 in Bahrain which has become the Group's permanent headquarters. The company has a capital of three billion American dollars, each of the founding members contribute one-third of it. The company's membership is kept open for all Arab countries which wish to join in its activities which cover all forms of insurance and reinsurance.

The UAE-Australian accord aims at promoting cooperation between the

two countries in the commercial and technological fields. The accord stipulates that each of the two respective governments shall facilitate, each within its own country and according to its laws and legal system, the necessary facilities for commercial establishment of the other country to implement projects pertaining to commercial activities and the utilisation of natural resources, as well as the exchange of visits by delegations from both countries, professional consultants, construction contractors and representatives of research and designing institutes as well as other similar specialised organisations.

The accord further encourages participation in international exhibitions in the both countries and facilitates the imports of merchandise, exempted from customs duties for exhibition purposes.

The accord will be valid for five years. As for the educational accord, it aims at promoting cooperation between Arab countries in this vital field.

UNITED ARAB EMIRATES

DUBAI PORTS SET TO HANDLE CARGO FOR IRAQ, IRAN

Abu Dhabi EMIRATES NEWS in English 1 Oct 80 p 1

[Text]

Dubai, Sept. 30 (Itihad): The Director of the Dubai Seaports and Customs Department Colonel Abdalla Bulhoul has said that Rashid and Jebel Ali seaports are ready to receive food, medicine and general cargoes which destined for Iran or Iraq and that such goods will be re-exported to the two countries by various ways as they are considered goods essential to the two Muslim peoples in the present circumstances.

Seven international shipping lines have inquired about the possibility of unloading general merchandise from their vessels, headed for, both countries, if they are unable to unload in Iranian or Iraqi seaports, he said.

The department had expressed its readiness to receive these vessels

provided they are loaded with general merchandise or foodstuffs and without reserving any fixed berths for them as they could also unload their cargo or part of them in some other Gulf seaports, he said.

Colonel Bulhoul confirmed that the department is not ready to receive any vessels with military or hazardous cargoes, except with the permission from the official and concerned authorities and from the Foreign and Defence Ministries.

He added that average arrival of passenger vessels to the State is so far normal and that the shipping movement also continued normal yesterday, when all vessels arrived at their fixed timings and according to set schedules at Rashid and Jebel Ali seaports.

CSO: 4820

UNITED ARAB EMIRATES

BRIEFS

IRAQI FARM EXPERTS ARRIVE--Dubai, Sept. 27 (WAM)--Two experts from the Regional Project of the Palm Trees and Dates in Baghdad, Dr. Mohamed Hamid Hassanien and Dr. Samir today arrived here for a short visit to the country at the invitation of the Ministry of Agriculture and Fisheries Resources. The visit aims at collecting and preparing data jointly with the Ministry for the development of palm. Meanwhile, Dr. Mohamed Abdul Moniem Al Sheikh, the economic researcher in the FAO today arrived here to participate with the Ministry of Agriculture in drawing up its 5-year plan--1981-85--on the development of the agricultural and fisheries and animal resources in the country. [Text] [Abu Dhabi EMIRATES NEWS in English 28 Sep 80 p 3]

DIPLOMATIC SYMPOSIUM--Abu Dhabi, Sept. 29 (Ittihad)--The Foreign Ministry has started preparations for its ninth annual diplomatic symposium to be held in January. The Ministry has sent invitations to a number of Arab and foreign personalities to take part in the symposium. About 20 intellectuals are expected to lecture in the forthcoming symposium on political, economic, historical and legal subjects. The symposium will last for four months with five lectures in each month. [Text] [Abu Dhabi EMIRATES NEWS in English 30 Sep 80 p 3]

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